GROUPE BPCE

Bankers and insurers with a different perspective

Press Release

Paris, February 13, 2018

4th QUARTER AND FULL-YEAR 2017 RESULTS OF GROUPE BPCE

ATTRIBUTABLE NET INCOME STABLE AT €3.4bn[1]

Robust performance achieved by the Asset & Wealth Management and Corporate & Investment Banking divisions

Buoyant results from the Retail Banking division

INCOME BEFORE TAX OF €6,1bn[1] +4.1%

Net banking income: +2.1%[1], growth driven by Asset & Wealth Management, Corporate & Investment Banking and Insurance

Operating expenses: +1.7%[1], increase related to business line development

Cost of risk at a low **20bps**

FINANCIAL STRENGTH

CET1 ratio: 15.4%[2], +120bps in 2017

TLAC ratio: 20.8%[2], +150bps in 2017

Estimated impact of the initial application of **IFRS 9: ≈ -20bps[3] on the CET1 ratio**

On February 13, 2018, the Supervisory Board of Groupe BPCE convened a meeting chaired by Michel Grass to examine the Group's financial statements for the full year and fourth quarter of 2017.

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

The results for 2017 confirm the resilience of our universal banking model. The business lines of Natixis have again performed extremely well, in the area of both Asset & Wealth Management (revenues up by 14.5%) and Corporate & Investment Banking (+7.3%[1]). The Insurance and Payments activities have continued to enjoy strong growth and are confirming their role as true growth drivers for our Retail Banking and Insurance business lines. The commercial dynamism of our retail banking networks – which achieved record-breaking levels of new loan production worth 125 billion euros in 2017 overall – has made it possible to limit the unfavorable impact on our revenues created by low interest rates. Thanks to tightly managed growth in our expenses and a low cost of risk (at 20 basis points), the Group's net income remains stable at 3.4 billion euros[1]. The Group's balance sheet has been further reinforced, with high levels of both capital adequacy and total loss-absorbing capacity. Thanks to the strength of these results, the Group made an extremely positive start to its new TEC 2020 strategic plan.

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[1] Excluding non-economic and exceptional items

[2] Estimate at Dec. 31, 2017 - CRR/CRD IV without transitional measures; additional Tier-1 capital takes account of subordinated debt issues that have become ineligible and capped at the phase-out rate in force

[3] Unaudited estimate

Changes to segment reporting in the fourth quarter of 2017

Changes have been made to the Group's segment reporting, which now stands as follows:

Three business divisions:

- **Retail Banking & Insurance,** comprised of the Banque Populaire and Caisse d'Epargne retail banking networks, Specialized Financial Services, (Specialized financing, Payments, Financial services), the Insurance business of Natixis and the Other networks subdivision (Crédit Foncier, Banque Palatine, BPCE International),
- **Asset & Wealth Management,** comprised of Asset management (including Private Equity) and Natixis' Wealth Management business
- **Corporate & Investment Banking,** which comprises the Global markets, Global finance and Investment banking activities of Natixis.

A **Corporate center division**, which includes the Corporate Center (BPCE SA and the Corporate center division of Natixis), Equity interests, and Other activities (cross-functional activities, investment activities, real-estate subsidiaries, etc.).

1. CONSOLIDATED RESULTS[4] OF GROUPE BPCE FOR THE FULL-YEAR AND FOURTH QUARTER OF 2017

Groupe BPCE delivered a fine performance in 2017 with income before tax up 4.1%[5] to 6,054 million euros. This result underscores the resilience of its Retail Banking activities despite the negative impact of the low interest-rate environment. Income before tax[5] of the **Retail Banking & Insurance division** only declined by 4.2% to 4,436 million euros in 2017 thanks to dynamic business activities and the rollout of growth drivers in the Insurance and Payments businesses. **Asset & Wealth Management** and all the activities of the **Corporate & Investment Banking** division delivered extremely good results with a contribution to income before tax[5] of 952 million euros (+25.4%) and 1,285 million euros (+15.7%) respectively.

Against this background, and on a like-for-like basis, net income attributable to equity holders of the parent[5] for the 2017 financial year remains stable at 3,405 million euros. Published net income attributable to equity holders of the parent stands at 3,024 million euros.

Groupe BPCE boasts a balance sheet that has been strengthened yet again, with extremely high levels of capital adequacy and total loss-absorbing capacity.

Groupe BPCE got its TEC 2020 strategic plan, announced on November 29 last year, off to a good start.

1.1 Consolidated results for 2017: net income attributable to equity holders of the parent[5] remains stable, at €3.4bn

Net banking income generated by Groupe BPCE for 2017 came to 23,885 million euros[5], representing 2.1% growth over the same period in 2016 thanks, on the one hand, to strong growth achieved by the **Asset & Wealth Management** division (+14.5%) and the **Corporate & Investment Banking** division (+7.3%) and, on the other hand, to the limited decline in **Retail Banking & Insurance** revenues (-1.2%, excluding changes in provisions for home purchase savings schemes) against a backdrop of persistently low interest rates. In particular, the revenues generated by the Banque Populaire and Caisse d'Epargne retail banking networks remain buoyant (with a limited 0.5% decline year-on-year, excluding changes in provisions for home purchase savings schemes). Insurance activities, for their part, continue to enjoy strong momentum.

[4] Q4-16 pro forma (cf. notes on methodology at the end of this press release); unless specified to the contrary, all changes use the same reference base of December 31, 2016
[5] Excluding non-economic and exceptional items

The Group's **operating expenses** came to 16,782 million euros[5] for 2017, up 1.7% on a year-on-year basis. In the **Retail Banking & Insurance** division, changes in costs have been kept under tight management with operating expenses[5] only rising by 0.2%. Costs have declined by a marginal 0.3% in the Banque Populaire and Caisse d'Epargne retail banking networks but they suffer from a scope effect in SFS following acquisitions in the Payments activity; the increase in expenses in the Insurance subdivision remained controlled given the growth in business activities. The cost/income ratio of the **Asset & Wealth Management** division has improved by 3 points to reach 69.9%; the cost/income ratio of the **Corporate & Investment Banking** division remains stable at 61.2%.

The Group's **gross operating income** came to a total of 7,102 million euros[5], equal to growth of 2.9% compared with full-year 2016.

The **cost of risk** of Groupe BPCE stands at 1,333 million euros[5] for 2017. Compared with full-year 2016, this metric has declined by 8.0% to 20 basis points[6] for the year (down from 22 basis points in 2016). The ratio of non-performing loans/gross loan outstandings has improved, falling from 3.4% at December 31, 2016 to 3.3% at December 31, 2017, while the impaired loans coverage ratio (including guarantees related to impaired outstandings) stood at 82.0% at December 31, 2017 (versus 83.5% at December 31, 2016).

- For the **Retail Banking & Insurance** division, the decline in the cost of risk (-9.4%) follows the reduction in individual provisions noted in the retail banking networks,
- For the **Corporate & Investment Banking** division, the cost of risk has declined significantly compared with full-year 2016 marked by a drive to book provisions for the Oil & Gas sector.

The Group's **income before tax** has grown by 4.1% to reach 6,054 million euros[5] for 2017 thanks to a number of factors: the robust performance delivered by the **Asset & Wealth Management division** (income before tax up by a substantial 25.4%[5]), the across-the-board dynamism of all the activities pursued by the **Corporate & Investment Banking division** (income before tax up by 15.7%[5], with an increased contribution from the international platforms), the **Insurance** activities, which are perfectly fulfilling their role as growth drivers (+15.5%[5]), and the limited decline in revenues generated by the **Retail Banking division** working in an unfavorable interest-rate environment.

The Group's **income tax** stands at 1,954 million euros[5] for 2017 up 2.9% on a year-on-year basis.

Net income attributable to equity holders of the parent stands at 3,405 million euros[5], representing a 0.3% increase compared with full-year 2016.

If non-economic and exceptional items are excluded:
- The cost/income ratio has declined by 0.2 points, to 70.3%,
- Return on equity has declined by a 0.4 percentage point to stand at 5.5%,

After accounting for non-economic and exceptional items, **published net income attributable to equity holders of the parent** stands at 3,024 million euros.

It should be noted that the 2016 basis of comparison includes highly significant exceptional items recorded in 2016, including the **divestment of Visa Europe securities** with a 797 million euro impact on net income attributable to equity holders of the parent.

[6] Cost of risk expressed in annualized basis points on gross customer outstandings at the beginning of the period

1.2 Consolidated results for the fourth quarter of 2017: net income attributable to equity holders of the parent of €679m[5,7] up 18.7%

The **net banking income** of Groupe BPCE stood at 5,985 million euros[5] in the fourth quarter of 2017, equal to a 0.1% increase versus the fourth quarter of 2016. The Asset & Wealth Management division, in particular, delivered a fine performance (+22.4%).

The Group's **operating expenses** came to 4,242 million euros[5] in the fourth quarter of 2017, up 0.3% on a year-on-year basis.

The Group's **gross operating income** stood at 1,743 million euros[5] in the fourth quarter of 2017, representing a 0.4% decline compared with the fourth quarter of 2016.

The Group's **cost of risk** fell by 8.0% in the fourth quarter of 2017, to a total of 372 million euros[5], or 24 basis points.

The Group's **income before tax** came to a total of 1,411 million euros[5] in the fourth quarter of 2017, up 0.1% over the previous 12-month period.

The Group's **income tax** stands at 415 million euros[5] for the quarter. It declined by a substantial 31.6% compared with the fourth quarter of 2016 (this figure was marked by a substantial impairment of deferred tax assets following the reduction in the corporate tax rate to 28%) The significant fiscal impacts recorded in the fourth quarter of 2017 cancel one another out overall.

Net income attributable to equity holders of the parent stands at 775 million euros[5], up 17.1% when compared with the fourth quarter of 2016.

After restating to account for the impact of IFRIC 21 and excluding non-economic and exceptional items:

- The cost/income ratio has increased by a 0.2 percentage point, standing at 72.9%,
- Return on equity is up by a 0.5 percentage point to stand at 4.3%,
- Net income attributable to equity holders of the parent is equal to 679 million euros, up 18.7% compared with the fourth quarter of 2016.

After accounting for non-economic and exceptional items and the cancellation of measures taken to restate the impact of IFRIC 21, **published net income attributable to equity holders of the parent** stands at 497 million euros.

[7] After restating to account for the impact of IFRIC 21

GROUPE BPCE

2017 CONSOLIDATED RESULTS OF GROUPE BPCE

In millions of euros	2017	Impact of non-economic and exceptional items	2017 underlying
Net banking income	23,720	-165	23,885
Operating expenses	-17,098	-316	-16,782
Gross operating income	**6,621**	**-481**	**7,102**
Cost of risk	-1,384	-51	-1,333
Income before tax	**5,516**	**-538**	**6,054**
Income tax	-1,811	143	-1,954
Minority interests	-681	13	-694
Net income attributable to equity holders of the parent	**3,024**	**-381**	**3,405**
Cost/income ratio	72.1%		70.3%
ROE			5.5%

In millions of euros	2016	Impact of non-economic and exceptional items	2016 underlying	2017 underlying / 2016 underlying % change
Net banking income	24,158	762	23,397	+2.1%
Operating expenses	-16,673	-176	-16,497	+1.7%
Gross operating income	**7,485**	**586**	**6,900**	**+2.9%**
Cost of risk	-1,423	25	-1,448	-8.0%
Income before tax	**6,370**	**554**	**5,816**	**+4.1%**
Income tax	-1,882	18	-1,900	+2.9%
Minority interests	-500	22	-522	+33.1%
Net income attributable to equity holders of the parent	**3,988**	**593**	**3,395**	**0.3%**
Cost/income ratio	69.0%		70.5%	-0.2pt
ROE			5.9%	-0.4pt

Restated figures: breakdown of non-economic and exceptional items presented at the end of this press release

CONSOLIDATED RESULTS OF GROUPE BPCE FOR THE 4th QUARTER OF 2017

In millions of euros	Q4-17	Impact of non-economic and exceptional items	Q4-17 underlying
Net banking income	5,918	-67	5,985
Operating expenses	-4,418	-176	-4,242
Gross operating income	**1,500**	**-243**	**1,743**
Cost of risk	-416	-44	-372
Income before tax	**1,059**	**-352**	**1,411**
Income tax	-327	88	-415
Minority interests	-236	-14	-222
Net income attributable to equity holders of the parent	**497**	**-278**	**775**
Restatement to account for the IFRIC 21 impact	*-96*		*-96*
Net income attributable to equity holders of the parent after restating to account for the impact of IFRIC 21	**401**	**-278**	**679**
Cost/income ratio	76.7%		72.9%
ROE			4.3%

In millions of euros	Q4-16 pf	Impact of non-economic and exceptional items	Q4-16 pf underlying	Q4-17 underlying / Q4-16 pf underlying % change
Net banking income	6,049	+72	5,977	+0.1%
Operating expenses	-4,348	-120	-4,228	+0.3%
Gross operating income	**1,701**	**-49**	**1,750**	**-0.4%**
Cost of risk	-379	25	-405	-8.0%
Income before tax	**1,308**	**-101**	**1,409**	**+0.1%**
Income tax	-598	8	-606	-31.6%
Minority interests	-169	-28	-141	+57.1%
Net income attributable to equity holders of the parent	**541**	**-121**	**662**	**+17.1%**
Restatement to account for the IFRIC 21 impact	*-90*		*- 90*	
Net income attributable to equity holders of the parent after restating to account for the impact of IFRIC 21	**451**	**-121**	**572**	**+18.7%**
Cost/income ratio	73.8%		72.7%	+0.2pt
ROE			3.8%	+0.5pt

Pro forma (pf) figures: cf. the note on methodology at the end of this press release

Restated figures: breakdown of non-economic and exceptional items presented at the end of this press release

2. REINFORCEMENT OF THE FINANCIAL STRUCTURE WITH HIGH CAPITAL ADEQUACY RATIOS

2.1 Continuous generation of Common Equity Tier 1

The CET1 ratio[8] of Groupe BPCE continued to progress in 2017, reaching a level estimated at 15.4% at December 31, 2017, up from 14.2% at December 31, 2016, equal to an increase of 120 basis points. The increase in the CET1 ratio[8] reflects the continuous generation of Common Equity Tier 1 chiefly thanks to the Group's policy regarding retained earnings (+67 basis points since December 31, 2016) and to the issue of cooperative shares (+38 basis points since December 31, 2016).

The initial application of IFRS 9 is of no material consequence, estimated at -20 basis points on the CET1 ratio at January 1, 2018 (unaudited estimate).

2.2 TLAC ratio

The Total Loss-Absorbing Capacity (TLAC)[9] stood at 80.2 billion euros[8] at the end of December 2017. The TLAC ratio[8] (expressed as a percentage of risk-weighted assets), which stood at 19.3% at December 31, 2016, (including the issue of senior non-preferred debt for a total of 1.6 billion euros completed in January 2017) rose to reach an estimated 20.8% at December 31, 2017 for a target of 21.5% by early 2019, in line with the trajectory laid down in the TEC 2020 strategic plan. In order to respect this target, Groupe BPCE plans to issue senior non-preferred debt of between 4 and 5 billion euros per year, and does not anticipate having recourse to the senior preferred debt.

At December 31, 2017, the leverage ratio[10] stood at 5.1%.

2.3 Liquidity reserves

At December 31, 2017, Groupe BPCE's total liquidity reserves[11] stood at 214 billion euros, including 73 billion euros in available assets eligible for central bank funding, 58 billion euros in securities eligible for the liquidity coverage ratio, and 83 billion euros in cash placed with central banks.

At December 31, 2017, the total liquidity reserves[11] of Groupe BPCE covered 174% of total short-term funding outstandings and medium-/long-term debt maturing within one year or less (against 158% at December 31, 2016).

The liquidity coverage ratio (LCR) remained in excess of 110% at December 31, 2017.

2.4 2017 and 2018 wholesale medium-/long-term funding plans

Groupe BPCE's ability to access major debt markets allowed it to raise medium-/long-term (MLT) resources for an aggregate total of 23 billion euros at December 31, 2017, equal to 115% of the 2017 program (20 billion euros). This total includes an issue of 1.85 billion dollars raised in a pre-funding operation for 2017, completed on November 29, 2016. The average maturity at issue stands at 7.1 years and the average cost of the liquidity is equal to mid-swap + 24 basis points. During this period, 55% of MLT funding was completed in the form of public bond issues and 45% in the form of private placements.

The 23 billion euros raised as at December 31, 2017 can be broken down as follows:

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[8] CRR/CRD IV without transitional measures; additional Tier-1 capital takes account of subordinated debt issues that have become ineligible and capped at the phase-out rate in force
[9] According to the term sheet published by the Financial Stability Board on the Total Loss-Absorbing Capacity dated November 9, 2015
[10] Estimate calculated using the rules of the Delegated Act published by the European Commission on October 10, 2014
[11] Excluding MMF US Natixis deposits

- A total of 14.7 billion euros (10.7 billion euros in senior preferred debt and 4 billion euros in senior non-preferred debt) was raised in the form of unsecured issues, representing 64% of the MLT funding structure.
- A total of 8.4 billion euros was raised in the form of covered bond issues, representing 36% of the MLT funding structure.

During this period, Groupe BPCE continued to raise substantial funds thanks to the considerably broad diversification of its investor base. As a result, 52% of the bonds issued in the unsecured segment were placed in currencies other than the euro (notably 36% in US dollars and 10% in Japanese yen).

In addition, bond issues for a total of 2.8 billion euros were completed in 2017 with respect to pre-funding for 2018.

The target amount of funding adopted for the projected 2018 wholesale MLT funding plan is equal to 22 billion euros. Unsecured bond issues should account for 70% of the plan (including 4 to 5 billion euros in senior non-preferred debt). Covered bond issues should amount to 30% of the overall plan.

At January 31, 2018, a total of 6.4 billion euros had already been raised (including 2.5 billion euros in senior non-preferred debt and 1.0 billion euros in covered bonds), equal to 29% of the projected funding plan.

3. RESULTS[12] OF THE BUSINESS LINES

Contribution of the business lines to the results of Groupe BPCE

In 2017, the contribution of the business lines to the results of Groupe BPCE (excluding exceptional items and excluding the Corporate center division) can be broken down as follows:

- The contribution of the **Retail Banking and Insurance** division to the aggregate net banking income of Groupe BPCE's business lines accounted for 71% of the total in 2017 (against 74% in 2016). The division also accounted for 67% of the aggregate income before tax of Groupe BPCE's business lines (against 71% in 2016).

- The **Asset & Wealth Management** division contributed 13% to the aggregate net banking income of Groupe BPCE's business lines in 2017 (against 12% in the same period in 2016) and accounted for 14% of the aggregate income before tax of Groupe BPCE's business lines (up from 12% in 2016).

- The **Corporate & Investment Banking** division contributed 16% to the aggregate net banking income of Groupe BPCE's business lines in 2017 (against 14% in 2016) and 19% to the aggregate income before tax of Groupe BPCE's business lines (against 17% in 2016).

3.1 Retail Banking & Insurance: contribution to income before tax of €4.4bn[13] in 2017

The Retail Banking & Insurance division groups together the activities pursued by the Banque Populaire and Caisse d'Epargne retail banking networks, the Specialized Financial Services and Insurance businesses of Natixis, and the activities of the Other networks comprised of the Crédit Foncier, Banque Palatine and BPCE International subsidiaries.

The Retail Banking & Insurance division maintained **strong commercial momentum** during the year.

Retail banking **loan outstandings** rose by 5.1% year-on-year to reach 543 billion euros at December 31, 2017. Home loans rose by 4.8% year-on-year while equipment loans and consumer loans increased by 5.4% and 9.8% respectively. The Retail Banking division continues to play an active role in financing the French economy: **new loan production**, at a high level in all market segments, reached the historic level of 125 billion euros in 2017 (versus 101 billion euros in 2016). Aggregate **deposits & savings** of the Retail Banking division came to 692 billion euros at December 31, 2017, representing 4.4% growth since December 31, 2016. On-balance sheet deposits & savings inflows (excluding the centralization of regulated savings) have risen to more than 25 billion euros during the year, and chiefly derive from demand deposits whose aggregate totals enjoyed 15.6% growth.

Insurance[14], a growth driver along with Payments, continued to deliver a dynamic performance in 2017 with gross life fund inflows in unit-linked contracts enjoying 84% year-on-year growth (proportion of unit-linked contracts in gross life fund inflows: +12.4 points year-on-year). The portfolio of non-life contracts rose by 8.5% over the year, reflecting 6.8% growth in Provident & Health contacts and 10.6% growth in P&C/non-life insurance contracts.

Revenue synergies between the **Banque Populaire and Caisse d'Epargne** retail banking networks and the business lines of **Natixis** reached an aggregate total of 810 million euros from January 2014 to December 2017 equal to 93% of the overall target for 2017 (870 million euros) fixed in the 2014-2017 strategic plan "Another way to grow."

- Decisive contribution from the Insurance business (61%), which performed better than anticipated,

[12] Q4-16 pro forma (cf. notes on methodology at the end of this press release); unless specified to the contrary, all changes use the same reference base of December 31, 2016
[13] Excluding exceptional items (cf. notes on methodology at the end of this press release)
[14] Entities included: Natixis Assurances, Prépar Vie, CNP Assurances

- 19% contribution from the Consumer finance business line, falling short of the target owing to the low interest-rate levels,
- Better than expected contribution from the Sureties & Financial guarantees business line (10%),
- Contribution equal to 10% for the other business lines.

Cost synergies, for their part, came to 965 million euros at December 31, 2017, a level higher than the target of 900 million euros to be attained during the life of the 2014-2017 strategic plan "Another way to grow." Targets have been exceeded regarding procurement, real-estate costs, and the optimization of fiduciary activities, and met as far as the pooling of IT production activities within BPCE Infogérance & Technologies is concerned. Organizational changes consequently accounted for 67% of these synergies; information systems were responsible for 25% while processes contributed 8%.

Retail Banking & Insurance division: financial results for the 4th quarter and full-year 2017

The **net banking income**[13] posted by the Retail Banking & Insurance division came to 16,741 million euros (excluding changes in the provision for home purchase savings schemes) for full-year 2017, equal to a year-on-year decline of 1.2% (and a limited decline of 0.5% in aggregate net banking income over the year for the Banque Populaire and Caisse d'Epargne retail banking networks, if changes in the provision for home purchase savings schemes are excluded).
Net interest income continues to soften against a background of historically low interest rates. This negative trend is partially offset by growth in commission income (excluding early loan redemption fees) earned, in particular, on payment processing activities thanks to increased customer use of banking services, by growth in commissions from off-balance sheet deposits & savings, and by the high level of early loan redemption fees which, however, lost momentum in the second half of 2017. Net banking income[13] in the fourth quarter stood at 4,124 million euros (excluding changes in the provision for home purchase savings schemes), representing a 2.5% year-on-year decline.

Operating expenses (excluding exceptional items) for 2017 have been kept under tight control and stand at 11,236 million euros for full-year 2017, representing a very marginal increase (+0.2%) compared with full-year 2016. They stood at 2,834 million euros in the fourth quarter of 2017, down 0.3% compared with the fourth quarter of 2016.

Gross operating income (excluding exceptional items) decreased by 3.7% for 2017 to stand at 5,523 million euros. It came to 1,290 million euros in the fourth quarter of 2017, down 9.9% compared with the fourth quarter of 2016.

The **cost of risk,** which came to 1,106 million euros for 2017, has fallen by 9.4% compared with full-year 2016, to reach an annual average of 20 basis points in 2017. It stood at 321 million euros in the fourth quarter of 2017, down 17.2% compared with the same period in 2016.

After restating to account for the impact of IFRIC 21 and excluding non-economic and exceptional items:

- **Income before tax** came to 4,436 million euros for 2017, down 4.2% compared with full-year 2016; it stood at 900 million in the fourth quarter of 2017, down 11.5% compared with the fourth quarter of 2016,
- The **cost/income ratio** is equal to 67.0% for 2017, representing a 0.9-point increase during the period; it stood at 69.8% in the fourth quarter (+2.2 points).

After accounting for exceptional items and cancelling the restatement of the impact of IFRIC 21, **published income before tax** stands at 4,096 million euros for 2017, representing an 8.6% decline compared with full-year 2016. It came to 717 million euros in the fourth quarter of 2017, down 26.3% year-on-year.

3.1.1 Banque Populaire: good results, with income before tax[13] stable year-on-year at €1.6bn

Following the merger between the Banque Populaire de l'Ouest and the Banque Populaire Atlantique, giving birth to the Banque Populaire Grand Ouest on December 7, 2017, the Banque Populaire network comprises the 14 Banque Populaire banks, including Casden Banque Populaire and Crédit Coopératif and their subsidiaries, Crédit Maritime Mutuel and the Mutual Guarantee Companies.

- **Customer base**

The strategy consisting in delivering banking services to the individual customers of the Banque Populaire network continued in 2017, leading to 2.7% growth on a rolling 12-month basis in the number of principal active customers, i.e. 100,900 additional customers. The number of Private Banking and Wealth management customers has risen by 6.5% (+22,900 customers). In the professional customers market segment, the strategy aimed at attracting new customers and intensifying the bank's relationship with them made it possible to increase the number of active customers by 1.1% (+4,700 clients year-on-year). In the corporate customer segment, the number of active customers increased by 4.3% (+1,900 clients).

The Banque Populaire network is continuing to develop Casden's affinity-based model and attracted 133,800 new members in 2017, 70% of whom are French civil servants (excluding members of the National Education system).

- **Loan outstandings and deposits & savings**

Loan outstandings stood at 196 billion euros at December 31, 2017, representing 7.7% growth compared with December 31, 2016.

Deposits & savings came to 258 billion euros at December 31, 2017, equal to growth of 7.0% compared with December 31, 2016.

- **Financial results**

Net banking income[13] for full-year 2017 came to 6,330 million euros (excluding changes in the provision for home purchase savings schemes), up by 0.4% compared with full-year 2016. This change is due, in particular, to a 3.3% decline in net interest income (excluding changes in the provision for home purchase savings schemes and after restating to account for Prépar Vie, a life insurance subsidiary of Bred) and 5.4% growth in commission income, excluding early loan redemption fees, which increased by a total of 25.8% compared with full-year 2016. During the fourth quarter, net banking income stood at 1,559 million euros[13] (excluding changes in the provision for home purchase savings schemes), down by 1.3% compared with the fourth quarter 2016.

Operating expenses for 2017 have been kept under tight control, rising by a marginal 0.7% compared with full-year 2016 to reach a total of 4,299 million euros (excluding exceptional items). In the fourth quarter, operating expenses stood at 1,072 million euros, up by 0.1%.

Gross operating income for 2017 came to 2,023 million euros (excluding exceptional items), down 0.1% compared with full-year 2016. During the fourth quarter, gross operating income decreased by 6.5% to reach 485 million euros.

The **cost of risk** for 2017, which stands at 449 million euros, enjoyed a substantial decrease of 11.6% compared with full-year 2016. During the fourth quarter, the cost of risk came to 137 million euros, down by 8.1% compared with the same period in 2016.

After restating to account for the impact of IFRIC 21 and excluding non-economic and exceptional items:

- **Income before tax** stands at 1,600 million euros for 2017, equal to growth of 0.7% compared with full-year 2016. In the fourth quarter of 2017, it came to 329 million euros, down 10.3% compared with the same period last year,

- The **cost/income ratio** has increased by 0.2 of a percentage point to reach 68.0% for 2017 and was up 1.5 of a percentage point, to 69.8% in the fourth quarter of 2017.

After accounting for exceptional items and cancelling the restatement of the impact of IFRIC 21, **published income before tax** stood at 1,443 million euros for 2017, down 3.6% compared with full-year 2016. In the fourth quarter, it came to 229 million euros, down 26.9% compared with the fourth quarter of 2016.

3.1.2 Caisse d'Epargne: buoyant results against a background of low interest rates

Following the merger between the Caisse d'Epargne Picardie and the Caisse d'Epargne Nord France Europe, giving birth to the Caisse d'Epargne Hauts de France on May 1, 2017, the Caisse d'Epargne network comprises 16 individual Caisses d'Epargne along with their subsidiaries.

- **Customer base**

The strategy consisting in delivering banking services to the individual customers of the Caisse d'Epargne retail banking network continued in 2017, leading to 2.2% growth on a rolling 12-month basis in the number of principal active customers, i.e. 143,000 additional customers. The number of Private Banking and Wealth management customers has risen by 4.7% (+19,500 customers). In the professional customers market segment, the strategy aimed at attracting new customers made it possible to increase the number of active customers by 5.7% (+10,700 clients year-on-year). In the corporate customer segment, the number of active customers increased by 15.5% (+2,600 clients).

- **Loan outstandings and deposits & savings**

Loan outstandings stood at 253 billion euros at December 31, 2017, up 7.3% compared with December 31, 2016.

Deposits & savings stood at 412 billion euros at December 31, 2017, equal to an increase of 3.2% compared with December 31, 2016.

- **Financial results**

Net banking income for 2017 stood at 7,107 million euros[13] (excluding changes in the provision for home purchase savings schemes), down 1.4% compared with full-year 2016. This change is the result, in particular, of a 4.0% reduction in net interest income (excluding changes in the provision for home purchase savings schemes) and 2.7% growth in commissions, excluding early loan redemption fees, which rose by 12.3% compared with full-year 2016. In the fourth quarter, net banking income stood at 1,796 million euros[13] (excluding changes in the provision for home purchase savings schemes), up 2.2% compared with the fourth quarter of 2016.

Operating expenses for 2017 came to 4,694 million euros (excluding exceptional items), down 1.1% compared with full-year 2016. In the fourth quarter of the year, they amounted to 1,178 million euros, down 2.4% compared with the same period in 2016.

Gross operating income for 2017 stood at 2,439 million euros (excluding exceptional items), down 1.2% compared with full-year 2016. In the fourth quarter, they came to 620 million euros, up 6.3% compared with the same period last year.

The **cost of risk,** which stood at 365 million euros for 2017, fell by 13.0% compared with full-year 2016. In the fourth quarter, it came to 128 million euros, down 13.9% compared with the fourth quarter of 2016.

After restating to account for the impact of IFRIC 21 and excluding non-economic and exceptional items:

- **Income before tax** came to 2,071 million euros for 2017, equal to an increase of 1.3% compared with full-year 2016. In the fourth quarter of 2017, it stood at 470 million euros, up 13.3% compared with the fourth quarter of 2016,

- The **cost/income ratio** is stable, standing at 65.8% for full-year 2017, and declined by 2.0 percentage points, to 66.5% in the fourth quarter of 2017.

After accounting for exceptional items and cancelling the restatement of the impact of IFRIC 21, **published income before tax** comes to 1,930 million euros for 2017, down 3.1% compared with full-year 2016. In the fourth quarter, it stood at 392 million euros, down 5.1% compared with the same period in 2016.

3.1.3 Specialized Financial Services: Natixis Payments hub set for growth

The Specialized Financial Services (SFS) division of Natixis includes three business lines: Specialized financing, Payments, and Financial services

- **Financial results**

Net banking income stands at 1,382 million euros for 2017, up 2.2% compared with full-year 2016. More particularly, the net banking income generated by the Specialized financing business line achieved year-on-year growth of 3% driven by the Sureties & Financial Guarantees and Consumer finance businesses, while that of the Financial Services activity rose by 1% year-on-year. Net banking income in the fourth quarter comes to 350 million euros, up 2.5% compared to the same period last year; net banking income generated by Financial Services rose 12% compared with the same period in 2016 thanks to employee savings plans.

Operating expenses (excluding exceptional items), amounted to 930 million euros for 2017, up 5.1% year-on-year (1.7% on a constant basis of structure). They came to 242 million euros in the fourth quarter of 2017, up 9.8% year-on-year.

Gross operating income (excluding exceptional items), declined by 3.2% for 2017 to stand at 451 million euros. It amounted to 108 million euros in the fourth quarter of 2017, down 10.7%.

The **cost of risk** (excluding exceptional items), which came to 73 million euros for 2017, increased by 27.2% compared with full-year 2016. In the fourth quarter, it increased by 53.0%, to 24 million euros; this increase can chiefly be attributed to a change in model in the fourth quarter of 2017.

After restating to account for the impact of IFRIC 21 and excluding non-economic and exceptional items:

- **Income before tax** came to 379 million euros for 2017, down 14.0%. It is equal to 81 million euros in the fourth quarter of 2017, down 20.5%,
- The **cost/income ratio** rose by 1.8 of a percentage point, to 67.3% for 2017 and increased by 4.5 percentage points in the fourth quarter of 2017, to reach 69.9%.

After accounting for exceptional items and cancelling the restatement of the impact of IFRIC 21, **published income before tax** stands at 371 million euros for 2017, down 15.9% compared with full-year 2016. In the fourth quarter, it came to 77 million euros, down 26.7% compared with the same period in 2016.

Figures specifying the contribution to Groupe BPCE are different from those published by Natixis. For a more detailed analysis of the business lines and results of Natixis, please refer to the press release published by Natixis that may be consulted online at www.natixis.com.

3.1.4 Insurance: a sustainable growth driver

The Insurance business line is now included in the Retail Banking & Insurance division.

- **Financial results**

Net banking income (excluding exceptional items) stands at 734 million euros for 2017, up 12.0% compared with full-year 2016, driven both by Life and Personal Protection insurance as well as by non-life insurance. This result corresponds to total premiums of 11.7 billion euros (excluding the reinsurance treaty with CNP), equal to year-on-year growth of 46%. The net banking income (excluding exceptional items) of the Insurance division came to 190 million euros in the fourth quarter, up 10.7% compared with the same period in 2016.

Operating expenses (excluding exceptional items) amounted to 416 million euros for 2017, up 10.1% year-on-year; this increase reflects growth in business activities. Expenses came to 110 million euros in the fourth quarter of 2017, up 8.0% year-on-year.

Gross operating income (excluding exceptional items) rose 14.7% compared with the same period in 2016 to reach 318 million euros for full-year 2017. This item amounted to 80 million euros in the fourth quarter of 2017, up 14.5%.

After restating to account for the impact of IFRIC 21 and excluding non-economic and exceptional items:

- **Income before tax** came to 331 million euros for 2017, up 15.5%. It stood at 80 million euros in the fourth quarter of 2017, up 15.9%,
- The **cost/income ratio** saw a 1.0-percentage point improvement in 2017 to stand at 56.6% and decreased by 0.9 of a percentage point in the fourth quarter of 2017, to reach 60.0%.

After accounting for exceptional items and cancelling the restatement of the impact of IFRIC 21, **published income before tax** stands at 308 million euros for 2017, up 7.5% compared with full-year 2016. In the fourth quarter, it came to 85 million euros, up 18.5% compared with the same period in 2016.

Figures specifying the contribution to Groupe BPCE are different from those published by Natixis. For a more detailed analysis of the business lines and results of Natixis, please refer to the press release published by Natixis that may be consulted online at www.natixis.com.

3.1.5 Other networks

The Other networks business line is chiefly comprised of the activities pursued by Crédit Foncier, Banque Palatine, and BPCE International.

- **Crédit Foncier**

In 2017 aggregate new loan production increased by a substantial 22% compared with full-year 2016, to reach a total of 11.8 billion euros. Home loans granted to individual customers accounted for 8.8 billion euros (equal to growth of 25% compared with full-year 2016).

At the same time, Crédit Foncier has experienced a gradual decline in its loan outstandings position owing to the high level of early loan redemptions. As a result, loan outstandings stood at 79.7 billion euros at December 31, 2017 versus 84.7 billion euros at December 31, 2016.

Owing to the prevailing environment characterized by low interest rates and stiffer competition, net banking income has suffered a substantial decline owing to the impact on net interest income of the high level of early loan redemptions since 2015 as well as the more significant volume of loan renegotiations in 2017. Crédit Foncier is also pursuing its policy aimed at substantially cutting its costs. As a result, operating expenses fell by 10.7%[15] in full-year 2017.

- **Banque Palatine**

The average loan outstandings position increased in 2017 to stand at 8.7 billion euros (versus 8.1 billion euros at December 31, 2016). The average level of deposits & savings has remained virtually stable, at 16.6 billion euros at December 31, 2017; it was equal to 16.5 billion euros at December 31, 2016.

[15] Excluding the reversal of provisions booked with respect to new retirement agreements signed with the trade unions, down by 7.0%

The contribution made by Banque Palatine to the Group's income before tax stands at 77 million euros for 2017, up 1.8% year-on-year.

- **BPCE International**

BPCE International represents all the international subsidiaries of Groupe BPCE, with the exception of Natixis.

Loan outstandings stood at 5.3 billion euros at December 31, 2017 (versus 5.7 billion euros at December 31, 2016). Deposits & savings came to 5.1 billion euros (versus 5.3 billion euros at December 31, 2016).

The contribution of BPCE International to the Group's income before tax was negative in full-year 2017 at -46 million euros. This sharp decline compared with 2016 can be explained by the booking in the first half of 2017 of additional provisions on loan portfolios in Tunisia.

3.2 Asset & Wealth Management: contribution to income before tax[16] of Groupe BPCE equal to almost €1bn in 2017, reflecting sharp growth of 25.4%

The Asset & Wealth Management division includes the asset management and wealth management activities of Natixis. The Insurance business of Natixis is henceforth included in the Retail Banking & Insurance division.

- **Financial results**

Net banking income came to 3,113 million euros for 2017, up by 14.5% compared with full-year 2016. Net banking income came to 899 million euros in the fourth quarter of 2017, equal to 22.4% growth over the fourth quarter of 2016.

Operating expenses (excluding exceptional items) stand at 2,175 million euros for 2017, up 9.8% compared with full-year 2016; they amounted to 609 million euros in the fourth quarter of 2017, equal to an 16.3% increase compared with the fourth quarter of 2016.

Gross operating income (excluding exceptional items) stood at 938 million euros for 2017, up 27.2% compared with the same period in 2016; gross operating income was equal to 290 million euros in the fourth quarter of 2017, representing growth of 37.4% compared with the fourth quarter of 2016.

After restating to account for the impact of IFRIC 21 and excluding non-economic and exceptional items:

- **Income before tax** came to 952 million euros for 2017 (up 25.4% year-on-year) and to 294 million euros in the fourth quarter of 2017, up 40.4% on a year-on-year basis.
- The **cost/income ratio** saw a 3.0-percentage point improvement in 2017, to reach 69.9%. It improved by 3.6 percentage points during the fourth quarter of the year, to stand at 67.8%.

After accounting for exceptional items and cancelling the restatement of the impact of IFRIC 21, **published income before tax** stands at 950 million euros for 2017, up 25.1%, and at 293 million euros in the fourth quarter of 2017, up 39.2% compared with the same period last year.

Figures specifying the contribution to Groupe BPCE are different from those published by Natixis. For a more detailed analysis of the business lines and results of Natixis, please refer to the press release published by Natixis that may be consulted online at www.natixis.com.

[16] Excluding exceptional items (cf. notes on methodology at the end of this press release)

3.3 Corporate & Investment Banking: contribution to the income before tax[16] of Groupe BPCE up 15.7% to €1.3bn

The Corporate & Investment Banking division includes the Global markets and Global finance & Investment banking activities of Natixis.

- **Financial results**

Net banking income (excluding exceptional items) for 2017 rose 7.3% compared with the same period in 2016 (+9.0% if the CVA/DVA desk is excluded) to reach a total of 3,581 million euros. Net banking income (excluding exceptional items) came to 817 million euros in the fourth quarter of 2017, representing a 7.6% decline compared with the fourth quarter of 2016.

Operating expenses stand at 2,191 million euros for 2017, up 7.1% compared with full-year 2016. They came to 567 million euros in the fourth quarter of 2017, equal to a 1.0% decline compared with the same period in 2016.

Gross operating income (excluding exceptional items) stands at 1,390 million euros for 2017, up 7.5% compared with full-year 2016. It came to 249 million euros in the fourth quarter of 2017, 19.6% lower than in the fourth quarter of 2016.

The **cost of risk**, equal to 115 million euros for 2017, declined by a substantial 41.1%. This item stood at 21 million euros for the fourth quarter of 2017, up 1.8% compared with the same period in 2016.

After restating to account for the impact of IFRIC 21 and excluding non-economic and exceptional items:

- **Income before tax** for 2017 stands at 1,285 million euros, up 15.7%; income before tax for the fourth quarter of the year is equal to 222 million euros, down 21.6%.
- The **cost/income ratio** improved by a marginal 0.1 percentage point in 2017, to stand at 61.2%. It came to 70.6% in the fourth quarter of 2017, up 4.6 percentage points.

After accounting for exceptional items and cancelling the restatement of the impact of IFRIC 21, **published income before tax** came to 1,300 million euros for 2017, up 24.7% and stood at 249 million euros in the fourth quarter of 2017, down 15.1% compared with the same period in 2016.

Figures specifying the contribution to Groupe BPCE are different from those published by Natixis. For a more detailed analysis of the business lines and results of Natixis, please refer to the press release published by Natixis that may be consulted online at www.natixis.com.

NON-ECONOMIC AND EXCEPTIONAL ITEMS FOR 2017

In millions of euros	2017 Net income attributable to equity holders of the parent	2016 Net income attributable to equity holders of the parent
Non-economic items of an accounting nature	**-54**	**17**
Revaluation of assets associated with deeply subordinated notes denominated in foreign currencies (Corporate center division)	-54	17
Disposal of non-strategic holdings and assets managed on a run-off basis (Corporate center)	**-22**	**753**
Disposal of Caceis	46	
Capital gains realized on Visa Europe securities		797
Disposal of the share capital of Nexity		40
Disposal of international assets managed on a run-off basis	-60	-69
Other disposals	-8	-15
Transformation and reorganization costs (Business lines / Corporate center division)	**-180**	**-88**
Legal disputes	**-87**	**-32**
Check imaging fine	-87	
SWL legal dispute (CIB)		-32
Impairment of goodwill and others	**-39**	**-56**
Impairment of goodwill and other gains or losses on other assets (Corporate center division)	-30	-56
One-off additional company social solidarity contribution related to the agreement with CNP (Asset & wealth management division)	-9	
Total impact of non-economic and exceptional items	**-381**	**593**

NON-ECONOMIC AND EXCEPTIONAL ITEMS FOR THE 4TH QUARTER OF 2017

In millions of euros	Q4-17 Net income attributable to equity holders of the parent	Q4-16 pf Net income attributable to equity holders of the parent
Non-economic items of an accounting nature		**36**
Revaluation of assets associated with deeply subordinated notes denominated in foreign currencies (Corporate center division)		36
Disposal of non-strategic holdings and assets managed on a run-off basis (Corporate center division)	**0**	**-27**
Disposal of Caceis	46	
Disposal of international assets managed on a run-off basis	-59	-27
Other disposals	13	
Transformation and reorganization costs (Business lines / Corporate center division)	**-107**	**-52**
Legal disputes	**-87**	
Check imaging fine	-87	
Impairment of goodwill and others	**-84**	**-78**
Impairment of goodwill and other gains or losses on other assets (Corporate center division)	-84	-78
Total impact of non-economic and exceptional items	**-278**	**-121**

For further details about the financial results for 2017 and the fourth quarter of 2017, please consult the Investors/Results section of the corporate website http://www.groupebpce.fr/en

The consolidated financial statements of Groupe BPCE for the fiscal period ended December 31, 2017 approved by the Management Board at a meeting convened on February 5, 2018, were verified and reviewed by the Supervisory Board at a meeting convened on February 13, 2018.
The audit procedures relating to the consolidated financial statements for the year ended December 31, 2017 have been substantially completed. The reports of the statutory auditors regarding the certification of these consolidated financial statements will be published following the verification of the Management Report and the finalization of the procedures required for the registration document.

Notes on methodology

Presentation of pro-forma quarterly results

The segment information has been modified as of Q4-17 in accordance with the presentation of the business lines in the 2018-2020 strategic plan.
The Insurance activities of Natixis (life, personal protection, borrower's, and P&C insurance), previously included for reporting purposes in the Investment Solutions division, have now been transferred to the Retail Banking division. The Investment Solutions division has now become the Asset & Wealth Management division.
The previous quarters have been restated accordingly.
The IFRS 9 standard adopted in November 2016 permits the early adoption – starting with the financial year ended on Dec. 31, 2016 – of regulatory provisions governing the bank's own credit risk, to the effect that all changes will henceforth be recorded in shareholders' equity and no longer, as previously, in the income statement. The first three quarters of 2016 have been restated accordingly.
When the Q1-16 and Q1-17 results were published, the amount recognized with respect to the Group's contribution to the Single Resolution Fund was based on an estimate. Following notification of the actual amount of the contribution in Q2-16 and Q2-17, the amount of the SRF recognized in Q1-16 and Q1-17 has been readjusted.

Non-economic and exceptional items

The non-economic and exceptional items and the reconciliation of the restated income statement to the income statement published by Groupe BPCE are included in an annex to the slideshow document available on the following website: **http://www.groupebpce.fr/en**.
The Group has launched a number of transformation operations helping to simplify its organizational structure and to generate synergies. The resulting transformation costs (restructuring expenses specific to projects for the combination/merger of entities and the migration to existing IT platforms) have been isolated on a retrospective basis as of Q2-16.

Restatement of the impact of IFRIC 21

The results, cost/income ratios and ROE, after being restated to account for the impact of IFRIC 21, are calculated on the basis of ¼ of the amount of taxes and contributions resulting from the interpretation of IFRIC 21 for a given quarter, or ½ of the amount of taxes and contributions resulting from the interpretation of IFRIC 21 for a 6-month period. In practice, for Groupe BPCE, the principal taxes concerned by IFRIC 21 are the company social solidarity contribution (C3S) and contributions and levies of a regulatory nature (systemic risk tax levied on banking institutions, contribution to ACPR control costs, contribution to the Single Resolution Fund and to the Single Supervisory Mechanism).

Net banking income

Customer net interest income, excluding regulated home savings schemes, is computed on the basis of interest earned from transactions with customers, excluding net interest on centralized savings products (Livret A, Livret Développement Durable, Livret Epargne Logement passbook savings accounts) in addition to changes in provisions for regulated home purchase savings schemes. Net interest on centralized savings is assimilated to commissions.

Operating expenses

The operating expenses correspond to the aggregate total of the "Operating Expenses" (as presented in the Group's registration document, note 6.6 appended to the consolidated financial statements of Groupe BPCE) and "Depreciation, amortization and impairment for property, plant and equipment and intangible assets."

Cost of risk

The cost of risk is expressed in basis points and measures the level of risk per business line as a percentage of the volume of loan outstandings; it is calculated by comparing net provisions booked with respect to credit risks of the period to gross customer loan outstandings at the beginning of the period.

Business line performance presented using Basel 3 standards

*The **accounting ROE of Groupe BPCE** is the ratio between the following items:*

- *Net income attributable to equity holders of the parent restated to account for the interest expense related to deeply subordinated notes classified as equity and for non-economic and exceptional items.*
- *Equity attributable to equity holders of the parent restated to account for the deeply subordinated notes classified as equity and for unrealized gains and losses.*

*The **normative ROE of the business lines** is the ratio between the following items:*

- *Business line contributory net income attributable to equity holders of the parent, less interest (computed at the standard rate of 2%) paid on surplus equity compared with normative capital and restated to account for non-economic and exceptional items.*
- *Normative capital adjusted to reflect goodwill and intangible assets related to the business line.*
- *Normative capital is allocated to Groupe BPCE business lines on the basis of 10.5% of Basel-3 average risk-weighted assets.*

Capital adequacy

***Common Equity Tier 1** is determined in accordance with the applicable CRR/CRD IV rules; fully-loaded equity is presented without the application of transitional measures. **Additional Tier-1 capital** takes account of subordinated debt issues that have become non-eligible and subject to ceilings at the phase-out rate in force.*
***The leverage ratio** is calculated using the rules of the Delegated Act published by the European Commission on October 10, 2014, without transitional measures. 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. Account has been taken in the total leverage exposure of savings deposits centralized with the Caisse des Dépôts et Consignations since Q1-16.*

Total loss-absorbing capacity

The amount of liabilities eligible for inclusion in the numerator used to calculate the Total Loss-Absorbing Capacity (TLAC) ratio *is determined on the basis of our understanding of the Term Sheet published by the FSB on November 9, 2015: "Principles on Loss-Absorbing and Recapitalization Capacity of G-SIBs in Resolution."*
This amount is comprised of the following 4 items:

- *Common Equity Tier 1 in accordance with the applicable CRR/CRD IV rules,*
- *Additional Tier-1 capital in accordance with the applicable CRR/CRD IV rules,*
- *Tier-2 capital in accordance with the applicable CRR/CRD IV rules,*
- *Subordinated liabilities not recognized in the capital mentioned above and whose residual maturity is greater than 1 year, namely: the share of additional Tier-1 capital instruments not recognized in common equity (i.e. included in the phase-out); the share of the prudential discount on Tier-2 capital instruments whose residual maturity is greater than 1 year; the nominal amount of senior non-preferred securities maturing in more than 1 year.*
- *Eligible amounts differ slightly from the amounts adopted for the numerator of the capital adequacy ratios; these eligible amounts are determined using the principles defined in the Term Sheet published by the FSB on November 9, 2015.*

Liquidity

Total liquidity reserves *comprise the following:*

- *Central bank-eligible assets include: ECB-eligible securities not eligible for the LCR, taken for their ECB valuation (after ECB haircut), securities retained (securitization and covered bonds) that are available and ECB-eligible taken for their ECB valuation (after ECB haircut) and private receivables available and eligible for central bank funding (ECB and Federal Reserve), net of central bank funding.*
- *LCR eligible assets comprising the Group's LCR reserve taken for their LCR valuation.*
- *Liquid assets placed with central banks (ECB and the Federal Reserve), net of US Money Market Funds deposits and to which fiduciary money is added.*

Short-term funding *corresponds to funding with an initial maturity of less than or equal to 1 year, and the short-term maturities of medium-/long-term debt correspond to debt with an initial maturity date of more than 1 year maturing within the next 12 months.*

The Group's LTD ratio (customer loan-to-deposit ratio) *is the ratio between customer loans and centralized regulated passbook savings accounts in the numerator, and customer deposits in the denominator. The scope of the calculation excludes SCF (Compagnie de Financement Foncier, the Group's société de crédit foncier, a French covered bond issuer). These items are taken from the Group's accounting balance sheet after accounting for the insurance entities using the equity method. Customers' deposits are subject to the following adjustments:*

- *Addition of security issues placed by the Banque Populaire and Caisse d'Epargne retail banking networks with their customers, and certain operations carried out with counterparties comparable to customer deposits*
- *Withdrawal of short-term deposits held by certain financial customers collected by Natixis in pursuit of its intermediation activities.*

Loan outstandings and deposits & savings

Restatements regarding transitions from book outstandings to outstandings under management (loans and deposits & savings) are as follows:

- *Deposits & savings: the scope of outstandings under management excludes debt securities (certificates of deposit and savings bonds)*
- *Loan outstandings: the scope of outstandings under management excludes securities classified as customer loans and receivables and other securities classified as financial operations.*

Groupe BPCE press contacts
Anne-Laure Declaye: 33-1 58 40 61 79
Marie de Clercq: 33-1 58 40 59 26
email: presse@bpce.fr

BPCE investor relations
Roland Charbonnel: 33-1 58 40 69 30
Evelyne Etcheverry: 33-1 58 40 57 46
email: bpce-ir@bpce.fr

www.bpce.fr

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