GROUPE BPCE

Press Release

Paris, November 8, 2018

DYNAMIC BUSINESS PERFORMANCE (9M-18 UNDERLYING NBI AT €18.1BN +1.9%, AT CONSTANT EXCHANGE RATES)
REVENUES GROWTH IN RETAIL BANKING & INSURANCE IN Q3-18
STRONG CAPITAL POSITION
ACCELERATION OF THE TRANSFORMATION OF THE GROUP

BUSINESS LINES IN 9M-18[1]: A DIVERSIFIED REVENUE BASE ENSURING RESILIENT EARNINGS
- 9M-18 reported Net income-Group share at €2.4bn, -3.5% (-14.6% in Q3-18 due to exceptional items weight this quarter)
- 9M-18 underlying Net income-Group share at €2.7bn, +2.0% (+0.7% in Q3-18)

Retail Banking & Insurance: Resilient performance achieved

- Q3-18: Growth for underlying Retail Banking & Insurance revenues, positive jaw effect taking year-on-year increase in the division's income before tax to 6.1%, after restatement of IFRIC 21
- 9M-18: stability in underlying net banking income[2] to €12,596m (€4,132m in Q3-18, +1.7%)
- Enhanced commission income (excluding Early Repayment Fees) in the Banque Populaire and Caisse d'Epargne networks (+4.4% in 9M-18)
- Insurance: growth in business activities and revenues (+8.2% in 9M-18)
- Solid growth in revenues posted by the Payments activities (+15% in 9M-18)

Asset & Wealth management: Strong momentum

- Buoyant growth in the division with a €2,413m contribution to net banking income, representing year-on-year growth of 13.6% at constant exchange rates (+6.7% to €818m in Q3-18)

Corporate & Investment Banking: High 9M-18 ROE at 14.4%, +0.3 pp vs. 9M-17

- Contribution to the Group's underlying net banking income of €2,657m, up in 9m-18, on a year-on-year basis excluding CVA/DVA and cash equity

STRONG CAPITAL POSITION AND ENHANCED RATINGS

- CET1[3] pro forma and TLAC[3,4] ratios equal to 15.4% and 22.4% respectively at September 30, 2018; the TLAC target defined in the strategic plan has already been achieved.
- S&P credit rating on the Group's long-term senior preferred debt upgraded from A, positive outlook positive, to A+, stable outlook.
- Japanese rating agency R&I revised Groupe BPCE's outlook from "stable" to "positive."
- EBA stress test: CET1 ratio of 10.7 % post stress, higher than the European weighted average

ACCELERATION OF THE TRANSFORMATION OF THE GROUP : FOCUSING ON OUR CORE RETAIL BANKING BUSINESS AND VALUE CREATION

- Project[5] to integrate Crédit Foncier activities and expertise within the group
- Project[5] to integrate the Consumer Finance, Factoring, Leasing, Sureties & Guarantees, and Securities services businesses of Natixis' SFS division within BPCE SA
- Project[5] to dispose of banking interests in Africa

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[1] Variations express differences between 9M-17pf and 9M-18 or between Q3-17pf and Q3-18, unless specified to the contrary.
[2] Excluding provision for home-purchase saving schemes.
[3] Estimate at September 30, 2018 – CRR/CRD IV without transitional measures, including IPCs and transformation plan impacts.
[4] Cf. Notes on methodology related to the total loss-absorption capacity, page 14.
[5] Projects are subject to the notification/consultation process of the trade union representatives of the employees of the Group entities concerned by this initiative and will also be subject to the usual conditions precedent for this type of transaction.

On November 8th, 2018, the Supervisory Board of Groupe BPCE convened a meeting chaired by Michel Grass to examine the Group's financial statements for the third quarter and the first nine months of 2018.

Laurent Mignon, Chairman of the Management Board and CEO of Groupe BPCE, made the following statement: *"Thanks to the performance of its universal cooperative banking model underpinned by its base of diversified and recurring income, the Group is publishing a robust set of results this quarter. The Retail Banking & Insurance division enjoyed sustained commercial activity with revenue growth and a decline in expenses. Despite the broader context of more volatile markets, the third quarter of the year was also marked by the strong momentum achieved by Asset Management and the resilience of the Corporate & Investment Banking division. Our financial strength has been further enhanced, as reflected in the recent decision made by Standard & Poor's to upgrade the Group's long-term credit rating from A to A+. Several projects were also launched during the quarter: the integration within BPCE of the specialized financing and securities services businesses of Natixis, and the disposal of banking interests in Africa. Thanks to the active commitment of all its members, the Group is continuing its development and speeding up the pace of its transformation in line with the ambitions of our strategic plan TEC2020 adopted one year ago."*

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1. DYNAMIC BUSINESS PERFORMANCE AND STRONG CAPITAL POSITION LEADING TO RATING UPGRADES

9M-18 net income up 2.3% to €2.8bn[6]; positive jaws effect[6]

The good results of Groupe BPCE for the first 9 months of 2018 confirm the strength of its diversified universal banking model and the effectiveness of its transformation plan.

Ongoing growth in insurance revenues and commission income across business lines was able to offset the decline in net interest income, which continues to suffer from the effects of the persistently low interest-rate environment. As a result, the Group's underlying net banking income rose to 18,080 million euros in 9M-18, up 1.9% on a constant exchange-rate basis. The underlying commissions (excluding early repayment fees) generated by the Banque Populaire and Caisse d'Epargne networks rose by 4.4% in 9M-18 while the revenues generated by the Asset & Wealth Management and Payments activities increased by a substantial 13.6% (at constant exchange rates) and 15.0% respectively. At the same time, the revenues posted by the Insurance business increased by 8.2%.

The generation of revenue synergies yielded a total of 203 million euros on September 30, 2018 (for a 2020 target of synergies worth 750 million euros over 3 years). The Insurance business line accounted for 59% of these synergies, reflecting the ramp-up of the Bancassurance business model.

Tight control over operating expenses (+1.2% at constant exchange rates, excluding SRF contributions in 9M-18) allowed the gross operating income to reach 5,426 million euros, up 2.0% at constant exchange rates, while the cost/income ratio declined by a marginal 0.1 percentage point (at constant exchange rates).

Groupe BPCE's cost of risk stood at 832 million euros in 9M-18 (down 13.4%). Compared with 9M-17, the cost of risk in absolute value decreased from 19 basis points to 17 basis points[7] excluding exceptional items. Thanks to a conservative risk policy, the cost of risk stayed at a low level, particularly in Q3-18, in both the Retail banking & Insurance and Corporate & Investment Banking (CIB – excluding exceptional items) divisions at 16 basis points and 17 basis points[7] respectively.

Group income before tax stands at 4,786 million euros up 2.4% in 9M-18 while net income attributable to equity holders of the parent (after restating to account for the impact of IFRIC 21) is equal to 2,810 million, euros up 2.3% year-on-year. The ROE ratio is stable at 5.9%[6].

After accounting for exceptional items and without restating to reflect the impact of IFRIC 21 adjustments, net income attributable to equity holders of the parent stands at 2,438 million euros, down 3.5% over the period.

Robust momentum of quarterly results; income before tax rising 3.8% to €1.7bn

Net banking income (expressed at constant exchange rates) rose 1.9% in the 3rd quarter of the year. This growth is driven by significant progress achieved by the Retail Banking and Insurance division (+1.7%, excluding provisions for home purchase savings schemes), thanks to the growth in commission income, and a strong revenue dynamic in the Insurance and Specialized Financial Services (SFS) businesses.

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[6] After restating to account for the impact of IFRIC 21 and excluding SRF regarding the jaws effect.
[7] Cost of risk expressed in annualized basis points on gross customer loan outstandings at the beginning of the period. Application of IFRS9 as of January 1st, 2018.

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The Asset & Wealth Management business line continues to enjoy strong momentum (+6.1%, at constant exchange rates) and CIB revenues are up year-on-year, on a current exchange-rate basis, and excluding CVA/DVA.

Gross operating income rose to 1,862 million euros, up 3.0% at constant exchange rates, buoyed up by a positive jaws effect.

With a moderate 16 basis-point cost of risk[7] excluding exceptional items in Q3-18, income before tax rose to 1,666 million euros, up 3.8% over the last quarter. As a result, net income remains flat at 853 million euros[6].

The Group's capital adequacy remains at a high level with an estimated CET1 ratio of 15.6% at September 30, 2018 (15.4% pro forma to account, in particular, for projects initiated by the Group) while the total loss- absorbing capacity (TLAC) ratio target defined in the TEC 2020 strategic plan was achieved (> 21.5%). The results of the 2018 EBA stress tests show a CET1 ratio of 10.7% post stress for the Group which is higher
than the European weighted average.

After Moody's in June, Standard & Poor's (S&P) decided to upgrade its credit rating on the Group's long-term senior preferred debt from A, "outlook positive", to A+, "outlook stable", reflecting the Group's success in continuously improving its capital position in recent years. Following S&P, the Japanese rating agency R&I revised Groupe BPCE's outlook from "stable" to "positive."

Other highlights of the 3rd quarter include the announcement of BPCE SA's plans to acquire the Consumer finance, Factoring, Leasing, Sureties & Guarantees, and Securities services businesses of Natixis' SFS division, and the project to dispose of banking interests in Africa. These projects, along with the ongoing project of the integration of Crédit Foncier activities and expertise within the group, aim to strengthen Groupe BPCE's diversified universal banking model, address new customer behavior, and more fully satisfy customers' needs. The above-mentioned projects are still under the notification/consultation process with the trade union representatives of each entity and are also subject to the usual conditions precedent for this type of transaction. Focusing on its core retail banking business and value creation, Groupe BPCE has decided that digital investments in French retail banking would be fully allocated to BP and CE digital solutions therefore not implementing a pure digital offer in France through Fidor.

In line with its TEC 2020 strategic plan, the Group is continuing to innovate and has become the first banking group to offer to its customers a family pack through its Banque Populaire network and has launched its first 100%-digital mobile banking service *Enjoy* through the Caisse d'Epargne network.

CONSOLIDATED RESULTS OF GROUPE BPCE FOR 9M-18 AND Q3-18

€m	9M-18 reported	9M-17 reported	9M-18 o/w underlying	9M-18 o/w exceptionals	9M-18 vs. 9M-17 reported	9M-18 vs. 9M-17 underlying	9M-18 vs. 9M-17 underlying constant FX
Net banking income	**18,157**	**17,802**	**18,080**	**78**	**2.0%**	**1.0%**	**1.9%**
Operating expenses	-13,066	-12,681	-12,653	-412	3.0%	1.1%	1.9%
o/w expenses excluding SRF	*-12,726*	*-12,421*	*-12,313*		*2.5%*	*0.5%*	*1.2%*
Gross operating income	**5,091**	**5,121**	**5,426**	**-335**	**-0.6%**	**0.7%**	**2.0%**
Cost of risk	-903	-968	-832	-71	-6.7%	-13.4%	
Income before tax	**4,380**	**4,457**	**4,786**	**-406**	**-1.7%**	**2.4%**	
Income tax	-1,354	-1,485	-1,490	135	-8.8%	-3.9%	
Non-controlling interests	-587	-445	-593	6	31.8%	25.4%	
Net income – Group share	**2,438**	**2,527**	**2,703**	**-265**	**-3.5%**	**2.0%**	
Restatement of IFRIC 21	107	96	107				
Net income after IFRIC 21 restatement	**2,545**	**2,623**	**2,810**	**-265**	**-3.0%**	**2.3%**	

€m	Q3-18 reported	Q3-17 reported	Q3-18 o/w underlying	Q3-18 o/w exceptionals	Q3-18 vs. Q3-17 reported	Q3-18 vs. Q3-17 underlying	Q3-18 vs. Q3-17 underlying constant FX
Net banking income	**5,906**	**5,688**	**5,836**	**70**	**3.8%**	**2.1%**	**1.9%**
Operating expenses	-4,225	-3,980	-3,974	-250	6.1%	1.5%	1.4%
Gross operating income	**1,681**	**1,707**	**1,862**	**-180**	**-1.5%**	**3.2%**	**3.0%**
Cost of risk	-327	-269	-256	-71	21.5%	-4.9%	
Income before tax	**1,414**	**1,569**	**1,666**	**-252**	**-9.9%**	**3.8%**	
Income tax	-427	-462	-509	82	-7.6%	8.8%	
Non-controlling interests	-191	-176	-197	5	8.9%	7.0%	
Net income – Group share	**796**	**931**	**960**	**-164**	**-14.6%**	**0.7%**	
Restatement of IFRIC 21	-107	-96	-107				
Net income after IFRIC 21 restatement	**689**	**835**	**853**	**-164**	**-17.5%**	**-0.5%**	

Restated figures: further details regarding exceptional items are provided at the end of this press release

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2. STRONG CAPITAL POSITION AND ROBUST LOSS-ABSORBING CAPACITY

2.1 High level of Common Equity Tier 1[8] providing support for Groupe BPCE transformation plan

Groupe BPCE's CET1 ratio increased from 15.2% at January 1, 2018 to an estimated 15.6% at the end of September, 2018. Organic capital creation (retained earnings and change in RWA) was the main contributor to the rise in the CET1 ratio (~30 bps). The upcoming transformation plan initiatives[9] combined with the deduction of irrevocable payment commitments[10] (IPCs), from regulatory capital have had a 25 bps impact on the CET1 ratio. These impacts translate into a pro forma CET1 ratio of 15.4%.

2.2 TLAC ratio8'10'[11]: TEC 2020 strategic plan target already achieved

The Group's Total Loss-Absorbing Capacity (TLAC) ratio stood at 87.3 billion euros (including pro forma impacts – estimate at end-September, 2018). The TLAC ratio (expressed as a percentage of risk-weighted assets) stood at 22.4% in September 2018, rising above the target level defined in the TEC 2020 strategic plan of more than 21.5% by early 2019.

At September 30, 2018, the leverage ratio[12] stood at 5.1%, including the deduction of IPC[10].

2.3 2018 wholesale medium-/long-term funding plan fully completed; pre-funding done for 2019

Groupe BPCE has completed its 2018 medium-/long-term funding for a total of 22 billion euros.
BPCE's investor base has been further diversified by a number of landmark, innovative transactions:

- September 2018: a very successful issue of a new type of social bonds (local economic development): 1.25 billion euros (5-year tenor);
- October 2018: first RMBS issued by Groupe BPCE with residential mortgages originated by the BP & CE networks: 1 billion euros.

[8] CRR/CRD IV without transitional measures, estimates at September, 30, 2018.
[9] Project to integrate the Consumer finance, Factoring, Leasing, Sureties & Guarantees and Securities services businesses within BPCE SA, Project to dispose of banking interests in Africa, disposal of Selection 1818 and Axeltis in AWM, acquisition of WCM Investment Management and Massena Partners in AWM – The two first projects are subject to the notification/consultation process of the trade union representatives of the employees of the Group entities concerned by this initiative and will also be subject to the usual conditions precedent for this type of transaction.
[10] Deduction, following the instructions of the supervisory authorities, of the part of the contributions to the Single Resolution Fund and Bank Deposit Guarantee Fund recognized in the form of irrevocable payment commitments.
[11] Capital adequacy, Total Loss-absorbing Capacity – cf. Notes on methodology, page 14.
[12] Estimate calculated using the rules of the Delegated Act reported by the European Commission on October 10, 2014 - The leverage ratio would amount to 5.4% after excluding the centralized outstandings of regulated savings from the calculation of the denominator of the ratio, subject to the agreement of the ECB and following the decision handed down by the General Court of the European Union on July 13, 2018.

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3. RESULTS OF THE BUSINESS LINES

3.1 Retail Banking & Insurance: tight control over operating expenses in BP & CE networks; Income before tax[13] +6.1% in Q3-18 and +2.0% in 9M-18

The Retail Banking & Insurance division brings 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.

Underlying figures[4] *€m*	9M-18	% Change N-1	Q3-18	% Change N-1
Net banking income	12,614	-0.2%	4,146	1.7%
Net banking income excl. home purchase savings schemes	12,596	-0.2%	4,132	1.7%
Operating expenses	-8,322	-0.6%	-2,658	-0.1%
Gross operating income	**4,292**	**0.6%**	**1,488**	**5.1%**
Cost of risk	-705	-10.1%	-227	-1.5%
Income before tax after IFRIC 21 restatement	**3,643**	**2.0%**	**1,228**	**6.1%**
Cost/income ratio[13]	65.7%	-0.2pp	65,1%	-1.3pp
ROE[13]	9.4%	-0.1pp	9.4%	+0,1pp

Loan outstandings rose by 4.9% to 562 billion euros, including a 5.6% increase in home loans and a 7.9% increase in equipment loans. Groupe BPCE has signed a new 700 million euro loan agreement with the European Investment Fund to continue its support for French SMEs. This loan offer is specially designed to help companies in financing their growth, innovation and competitiveness strategy.
At end-September 2018, aggregate Deposits & Savings reached 707 billion euros (+2.9%). On-balance sheet deposits & savings inflows (excluding the centralization of regulated savings) enjoyed strong growth of 15.3 billion euros year-on-year.

In a persistent low interest rate environment, the **net banking income**[14] posted by the Retail Banking & Insurance division in 9M-18 remained stable at 12,596 million euros, thanks to continuing strong momentum in Insurance and SFS activities this quarter (+8.9% and 7.2% respectively). The decrease (-1%) in the aggregate **net banking income**[14] of retail banking networks – due to a decrease in net interest income - has been offset by pronounced growth in commission income (+4.4% excluding early repayment fees).

Operating expenses have been kept under tight control and stand at 8,322 million euros in 9M-18 (-0.6%, flat for the quarter at 2,658 million euros). The Banque Populaire and Caisse d'Epargne networks follow the same trend with a 1.6% decline in operating expenses in 9M-18.

Gross operating income increased by 0.6% in 9M-18 to stand at 4,292 million euros (1,488 million euros, up 5.1% in Q3-18). The contribution of the **Retail Banking & Insurance** division accounted for 70% of the aggregate gross operating income of Groupe BPCE's business lines (against 71% in 9M-17)[15]. The **cost/income ratio**[13] improved by a 0.2 percentage point to reach 65.7% for 9M-18 overall (65.1% in Q3-18, improving by 1.3 percentage point).

Income before tax[13] stands at 3,643 million euros, up 2.0%; in Q3-18, this metric rose by 6.1% to 1,228 million euros.

[13] After restating to account for the impact of IFRIC 21
[14] Excluding changes in the provision for home-purchase savings schemes
[15] The contribution of the business lines to the results of Groupe BPCE is calculated on a constant exchange-rate basis and excluding the Corporate center division and exceptional items

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3.1.1 Banque Populaire: positive jaws effect; Gross Operating Income +3.1% in 9M-18

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.

Underlying figures €m	9M-18	% Change N-1	Q3-18	% Change N-1
Net banking income	4,784	0.3%	1,557	-0.4%
Net banking income excl. home purchase savings schemes	4,784	0.2%	1,554	-0.4%
Operating expenses	-3,195	-1.1%	-1,037	-2.1%
Gross operating income	**1,589**	**3.1%**	**520**	**3.3%**
Cost of risk	-327	5.2%	-79	-22.4%
Income before tax after IFRIC 21 restatement	**1,300**	**1.9%**	**432**	**8.3%**
Cost/income ratio[13]	66.5%	-0.9pp	67.5%	-1.3pp

In 9M-18, loan outstandings grew by 6.2% to 206 billion euros while aggregate Deposits and Savings rose to 267 billion euros (+4.8%). The customer base was strengthened in 9M-18 with 87,300 more (+2.3%) principal active customers and 22,000 more (+6.0%) Private banking and Wealth Management customers. The 3rd quarter was marked by a new solution aimed at satisfying customers' needs more fully with the launch of the Pack Family offer, the first package of banking services in France specifically dedicated to families.

The level of commercial activity allowed **net banking income**[14] to increase marginally (+0.2%) in 9M-18 to 4,784 million euros (-0.4% in Q3-18 to 1,554 million euros). In a persistent low interest rate environment, net interest income[14] dropped 1.5% in 9M-18. However, this metric rose 1.4%[14] if we exclude capital gains realized on the disposal of financial assets, which reached high levels in 9M-17. Commissions rose 4.0% in 9M-18 excluding early repayment fees which fell 46.0% over the period.

With **operating expenses** kept under tight management (-1.1%) in 9M-18, **gross operating income** rose 3.1% to reach a total of 1,589 million euros (+3.3% in Q3-18, rising to 520 million euros). The **cost/income ratio**[13] improved by a 0.9 percentage point to reach 66.5% for 9M-18 (67.5% in Q3-18, improving by 1.3 percentage point).

Income before tax[13] stands at 1,300 million euros up 1.9% for 9M-18 (+8.3% in Q3-18, to 432 million euros).

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3.1.2 Caisse d'Epargne: improving revenue trend in Q3-18; Gross Operating Income +8.4% in Q3-18

Following the merger between the Caisse d'Epargne d'Alsace and the Caisse d'Epargne de Lorraine Champagne-Ardenne, giving birth to the Caisse d'Epargne Grand Est Europe on June 23, 2018, the Caisse d'Epargne network comprises 15 individual Caisses d'Epargne along with their subsidiaries.

Underlying figures €m	**9M-18**	**% Change N-1**	**Q3-18**	**% Change N-1**
Net banking income	5,221	-2.1%	1,746	1.6%
Net banking income excl. home purchase savings schemes	5,203	-2.0%	1,735	1.8%
Operating expenses	-3,414	-2.1%	-1,071	-2.3%
Gross operating income	**1,806**	**-2.3%**	**675**	**8.4%**
Cost of risk	-245	3.7%	-84	31.6%
Income before tax after IFRIC 21 restatement	**1,577**	**-3.2%**	**576**	**6.1%**
Cost/income ratio[13]	65.1%	0.1pp	62.2%	-2.6pp

Loan outstandings rose by 5.9% to 265 billion euros while aggregate Deposits & Savings increased to 418 billion euros (+1.8%). The customer base was strengthened in 9M-18 with an increase in the number of principal active individual customers (+56,600, or +0.9%) and in the number of Private banking and Wealth Management customers (+14,400, or +3.3%). To better meet customer needs and behaviors, the 3rd quarter was marked by the launch of *Enjoy*, a new set of 100%-digital mobile banking services.

Net banking income[14] dropped 2.0% in 9M-18 to 5,203 million euros (+1.8% in Q3-18 at 1,735 million euros). In a persistent low interest rate environment, net interest income[14] fell 5.9% in 9M-18. However, this indicator is only down 2.8%[14] if we exclude capital gains realized on the disposal of financial assets, which reached high levels in 9M-17. Commissions rose by 4.8% in 9M-18 excluding early repayment fees, which fell 45.1% over the period.

With **operating expenses** kept under tight management (-2.1%) in 9M-18, **gross operating income** fell 2.3% to reach a total of 1,806 million euros (+8.4% in Q3-18, rising to 675 million euros). The **cost/income ratio**[13] rose by a marginal 0.1 percentage point to reach 65.1% for 9M-18 (62.2% in Q3-18, reflecting a 2.6 percentage-point improvement).

Income before tax[13] is down 3.2% to 1,577 million euros in 9M-18 (+6.1% in Q3-18 to 576 million euros).

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3.1.3 Specialized Financial Services: strong revenue dynamic

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

Underlying figures €m	**9M-18**	**% Change N-1**	**Q3-18**	**% Change N-1**
Net banking income	*1,099*	*6.5%*	*366*	*7.2%*
Operating expenses	*-737*	*7.1%*	*-246*	*8.0%*
Gross operating income	***362***	***5.3%***	***120***	***5.6%***
Cost of risk	*-17*	*-64.6%*	*-11*	*-21.3%*
Income before tax after IFRIC 21 restatement	***347***	***16.7%***	***106***	***9.1%***
Cost/income ratio[13]	*66.9%*	*0.4pp*	*67.9%*	*0.4pp*

Net revenues stand at 1,099 million euros for 9M-18, up 6.5% (+7.2% in Q3-18 to 366 million euros). More particularly, revenues generated by the Payments business enjoyed a significant 15% year-on-year growth (approximately 60% of which is derived from recent business acquisitions in 2017). The Payments division is experiencing buoyant business levels with Merchant Solutions business volumes generated by recent acquisitions (*Dalenys* and *Payplug*) up 33% in 9M-18 (+25% in Q3-18). Similarly, Prepaid & Managed Solutions revenues were up 36% in 9M-18 benefiting from Chèque de table® market share rising to 18.1% (+0.2 pp year-on-year) as at September 30, 2018. Furthermore, Services & Processing activities saw the number of card transactions processed grow by 11% year-on-year, both, in 9M-18 and Q3-18.
The Specialized financing activity achieved a year-on-year growth of 4% driven by the Leasing and Factoring businesses. The revenues of the Financial Services activity rose by 3% year-on-year buoyed up by the Employee savings plans business.

While **operating expenses** rose in line with levels of activity enjoyed by SFS (+7.1% in 9M-18, +2% at constant scope), **gross operating income** rose by 5.3% to 362 million euros in 9M-18 (+5.6% in Q3-18 to stand at 120 million euros). The **cost/income ratio**[13] increased by a 0.4 percentage point to reach 66.9% for 9M-18 and by a 0.4 percentage point to 67.9% in Q3-18 (65.2% and 66.2% respectively, excluding Payments acquisitions).

With the **cost of risk** under tight management, **income before tax**[13] came to 347 million euros, up 16.7% in 9M-18 (+9.1% in Q3-18 to 106 million euros).

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

Unless specified to the contrary, the following comments and data refer to underlying results, i.e. results restated to exclude exceptional items, as presented on page 12.
Variations express differences between 9M-17 and 9M-18 or between Q3-17 and Q3-18, unless specified to the contrary.

3.1.4 Insurance: sustained commercial activity across all business lines

The results presented below concern the Insurance division of Natixis.

Underlying figures €m	9M-18	% Change N-1	3Q-18	% Change N-1
Net banking income	589	8.2%	192	8.9%
Operating expenses	-329	7.8%	-104	8.0%
Gross operating income	**259**	**8.6%**	**88**	**9.9%**
Income before tax after IFRIC 21 restatement	**270**	**7.4%**	**86**	**10.1%**
Cost/income ratio[13]	55.2%	-0.3pp	56.7%	-

At 9M-18, insurance premiums[16] grew by 4% to reach 9.3 billion euros driven by identical growth in Life and Personal Protection insurance (LPP) and, to a lesser extent, by a 6% increase in Property & Casualty Insurance (P&C). LPP[16] recorded 2.4 billion euros in earned premiums in Q3-18, up 8%. Assets under Management[16] (AuMs) stood at 59.9 billion euros at end-September 2018, including net inflows which rose by 5% in Q3-18 to reach 1.2 billion euros. Unit-linked AuMs stood at 14.7 billion euros including net inflows of 2.1 billion euros in 9M-18. Unit-linked products accounted for 34% of gross inflows in 9M-18. Personal Protection earned premiums amounted to ~220 million euros approximately, up 7% in Q3-18. P&C insurance earned premiums stood at 0.4 billion euros (+3% in Q3-18) while the related combined ratio improved by 0.4% to reach 91.9% in 9M-18.

Driven by LPP insurance business, **net banking income** rose by 8.2% in 9M-18 to 589 million euros (rising by 8.9% in Q3-18 to 192 million euros).

While **operating expenses** rose in line with the levels of business line activity (+7.8%[17] in 9M-18), **gross operating income** rose by 8.6% to 259 million euros in 9M-18 (+9.9% in Q3-18 to stand at 88 million euros). The **cost/income ratio**[13] improved by a 0.3 percentage point to reach 55.2% for 9M-18 (stable at 56.7% in Q3-18).

Income before tax[13] stands at 270 million euros, up 7.4% in 9M-18 (+10.1% in Q3-18 to stand at 86 million euros).

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

3.1.5 Other networks

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

Other networks combined **net banking income** came to a total of 922 million euros in 9M-18, down 3.8% (+2.3% in Q3-18 to reach 285 million euros). Crédit Foncier's contribution to Group **income before tax**[13] reached 64 million euros in 9M-18, down 34.4%, while Banque Palatine and BPCE International contributing 72 million euros, up 27.2% and 11 million euros respectively.

[16] Excluding the reinsurance agreement with CNP.
[17] Including a €5m increase in the Corporate Social Solidarity Contribution (C3S) the calculation of which is based on the previous year's activity levels, 2017 being the 1st full year handling the insurance business of the CE network.

Unless specified to the contrary, the following comments and data refer to underlying results, i.e. results restated to exclude exceptional items, as presented on page 12.
Variations express differences between 9M-17 and 9M-18 or between Q3-17 and Q3-18, unless specified to the contrary.

3.2 Asset & Wealth Management: fee rate > 31bps in AM, driving solid revenue growth and efficiency gains

The Asset & Wealth Management division includes the Asset Management and Wealth Management activities of Natixis.

Underlying figures €m	*9M-18*	*% Change N-1*	*Constant FX % change N-1*	*Q3-18*	*% Change N-1*
Net banking income	2,413	9.0%	*13.6%*	818	6.7%
Operating expenses	-1,631	4.1%	*8.4%*	-554	4.9%
Gross operating income	**782**	**20.9%**	***26.1%***	**264**	**10.5%**
Income before tax after IFRIC 21 restatement	**782**	**18.8%**		**262**	**10.2%**
Cost/income ratio[13]	67.5%	-3.2pp		67.9%	-1.1pp

Net inflows generated by Asset Management activities reached 20 billion euros in 9M-18, (of which 5 billion euros Q3-18) recording the 8th consecutive quarter of positive net inflows. AuMs rose to 861 billion euros at end-September 2018.
Wealth Management AuMs stood at 33.8 billion euros[18] at end-September 2018, including 2.1 billion euros net inflows in 9M-18.
As a result, **net banking income** rose by 13.6% at constant exchange rates to 2,413 million euros in 9M-18 (+6.7% in Q3-18 to 818 million euros). This trend is notably driven by an improvement in the overall fee rate enjoyed by the Asset management business (excluding performance fees) to more than 31bps for the third quarter of 2018, or +1.4bps year-on-year). Performance fees, representing approximatively 8% of Asset Management revenues, reached 177 million euros in 9M-18. Similarly, Wealth Management income increased 11% year-on-year. The **cost/income ratio**[13], which benefited from a positive jaws effect of 5 percentage points in 9M-18, improved by 3.2 percentage points to stand at 67.5% (-1.1 percentage point to 67.9% in Q3-18). **Gross operating income** rose 26.1% at constant exchange rates to 782 million euros in 9M-18 (+10.5% in Q3-18 to 264 million euros). The trend is similar regarding **income before tax**[13], which reached 782 million euros in 9M-18, up 18.8% (+10.2%, to stand at 262 million in Q3-18).

3.3 Corporate & Investment Banking: Focus on value creation translating into a strong 9M-18 RoE at 14.4%, 0.3pp versus 9M-17

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

Underlying figures €m	**9M-18**	**% Change N-1**	**Constant FX % change N-1**	**Q3-18**	**% Change N-1**
Net banking income	2,657	-3.9%	-1.4%	753	-2.8%
Operating expenses	-1,627	0.1%	*1.8%*	-519	3.1%
Gross operating income	**1,031**	**-9.7%**	***-6.0%***	**235**	**-13.6%**
Cost of risk	-92	-2.0%		-24	48.6%
Income before tax after IFRIC 21 restatement	**957**	**-10.0%**		**206**	**-17.4%**
Cost/income ratio[13]	60.9%	2.5pp	*2.0pp*	69.8%	3.7pp

Net banking income rose in 9M-18 excluding cash equity and CVA/DVA and at constant exchange rates. This trend was driven by strong performance from Global Finance (+13%), offsetting Global markets year-on-year performance which suffered from its comparison with a high 9M-17.
Gross operating income saw a mid-single digit decline in 9M-18 (excluding CVA/DVA) while the **cost of risk** improved notably through the division's focus on O2D (Originate to Distribute) and solid risk management. The **cost/income ratio**[13] stood at 60.9% (+2.5 percentage points in 9M-18). **ROE**[13] reached 14.4 %, +0.3pp versus 9M-17.

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

[18] Including Vega IM, 60% owned by Natixis Wealth Management.

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

DISCLAIMER

This presentation may contain forward-looking statements and comments relating to the objectives and strategy of Groupe BPCE. By their very nature, these forward-looking statements inherently depend on assumptions, project considerations, objectives and expectations linked to future events, transactions, products and services as well as on suppositions regarding future performance and synergies.

No guarantee can be given that such objectives will be realized; they are subject to inherent risks and uncertainties and are based on assumptions relating to the Group, its subsidiaries and associates and the business development thereof; trends in the sector; future acquisitions and investments; macroeconomic conditions and conditions in the Group's principal local markets; competition and regulation. Occurrence of such events is not certain, and outcomes may prove different from current expectations, significantly affecting expected results. Actual results may differ significantly from those anticipated or implied signet by the forward-looking statements. Groupe BPCE shall in no event have any obligation to publish modifications or updates of such objectives.

Information in this presentation relating to parties other than Groupe BPCE or taken from external sources has not been subject to independent verification; the Group makes no statement or commitment with respect to this third-party information and makes no warranty as to the accuracy, fairness, precision or completeness of the information or opinions contained in this presentation. Neither Groupe BPCE nor its representatives shall be held liable for any errors or omissions or for any harm resulting from the use of this presentation, the content of this presentation, or any document or information referred to in this presentation.

The financial information presented in this document relating to the fiscal period ended September 30, 2018 has been drawn up in compliance with IFRS guidelines, as adopted in the European Union. This financial information is not the equivalent of summary financial statements for an interim period as defined by IAS 34 "Interim Financial Reporting."

The new IFRS 9 standard has been applied since January 1st, 2018. Groupe BPCE has elected to use the option provided by the standard to not restate the figures for previous financial years.

This presentation includes financial data related to publicly-listed companies which, in accordance with Article L.451-1-2 of the French Monetary and Financial Code (Code Monétaire et Financier), publish information on a quarterly basis about their total revenues per business line. Accordingly, the quarterly financial data regarding these companies is derived from an estimate carried out by BPCE. The publication of Groupe BPCE's key financial figures based on these estimates should not be construed to engage the liability of the abovementioned companies.

The financial results contained in this presentation have not been reviewed by the statutory auditors.
The quarterly financial statements of Groupe BPCE for the period ended September 30, 2018 approved by the Management Board at a meeting convened on October 30, 2018, were verified and reviewed by the Supervisory Board at a meeting convened on November 8, 2018.

ALTERNATIVE PERFORMANCE MEASURES - EXCEPTIONAL ITEMS

€m			*9M-18*	*9M-17pf*	*Q3-18*	*Q3-17pf*
Revaluation of assets associated with deeply subordinated notes denominated in foreign currencies	*Net banking income*	*Corporate center*	*9*	*-105*	*2*	*-31*
SWL provision reversal	*Net banking income*	*CIB*	*68*		*68*	
Disposal of international assets managed on a run-off basis	*Net banking income/cost of risk*	*Corporate center*		*-1*		
Banca Carige	*Net banking income*	*Corporate center*		*-1*		*1*
Transformation and reorganization costs	*Operating expenses*	*Business lines & Corporate center*	*-412*	*-151*	*-250*	*-66*
One-off additional corporate Social Solidarity Contribution related to the agreement with CNP	*Operating expenses*	*Insurance*		*-19*		
Legal provision	*Cost of risk*	*CIB*	*-71*		*-71*	
Disposal of Banco Primus	*Gains or losses on other assets*	*Corporate center*		*-22*		*-22*
Impairment of goodwill and other gains or losses on other assets	*Gains or losses on other assets*	*Corporate center*		*83*		*83*
Total impact on income before tax			***-406***	***-215***	***-252***	***-36***
Total impact on net income – Group share			***-265***	***-123***	***-164***	***-22***

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.
Since January 1, 2018, Groupe BPCE has applied IFRS 9 Financial Instruments as adopted by the European Union. The Group has elected to use the option provided by the standard to not restate the comparative figures for previous financial years. Consequently, with respect to financial instruments, the comparative figures for the 2017 financial year presented alongside the figures for 2018 shall remain drawn up in accordance with the provisions of IAS 39.
When the 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 Q2-17, the amount of the SRF recognized as operating expenses in Q1-17 has been increased by a total of 3 million euros. The final amount of the SRF contribution for the 2018 fiscal period is recognized in the Q1-18 results.

Exceptional items

The exceptional items and the reconciliation of the restated income statement to the income statement published by Groupe BPCE are included in an annex to this document.

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. Following the decision of July 13, 2018 handed down by the General Court of the European Union, Groupe BPCE again requested the agreement of the ECB to exclude the centralized outstandings of regulated savings from the calculation of the denominator of the ratio.*

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 the 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.
Customer 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.*

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'Epargne. It also works through Crédit Foncier in the area of real estate financing. It is a major player in Asset & 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.
The Group's long-term senior preferred debt is rated by four financial rating agencies: Moody's (A1, outlook stable), S&P (A+, outlook stable), Fitch (A, outlook positive) and R&I (A, outlook positive).

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