

## Press Release

### 2009 results and 2010-2013 strategic plan of Groupe BPCE:

Paris, February 25, 2010

#### **Full-year and 4<sup>th</sup> quarter 2009: Creation of Groupe BPCE – Improvement of fundamentals**

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- Net banking income of €21bn, of which €19bn generated by the core business lines, representing growth of 9% compared with 2008,
- Expenses kept under a very tight rein but a significant rise in the cost of risk,
- Net income attributable to equity holders of the parent of €537m, marking a significant improvement in the 2<sup>nd</sup> half of the year,
- Good result achieved in the 4<sup>th</sup> quarter: net income attributable to equity holders of the parent of €847m,
- Fine performance achieved by the networks and confirmation of Natixis' recovery in the 2<sup>nd</sup> half of the year,
- Support for the French economy greater than the commitment to achieve an annual 3.5% growth of loans to customers: 3.7% increase at December 31, 2009,
- Financial strength confirmed with Tier-1 capital of €37.6bn and a Tier-1 ratio of 9.1%.

#### **2010-2013: a strategy based on developing the Commercial Banking division and Natixis, and focused on unlocking the potential of the new group**

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- Growth focused on commercial banking activities and on the core businesses of Natixis: banks at the service of their customers, more accessible, more entrepreneurial, more efficient,
- High synergy potential derived from the construction and organization of the group: annual savings of €1bn in 2013; revenue synergies between the Natixis and the Banque Populaire and Caisse d'Épargne networks worth €800m in 2013,

## Financial objectives

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- A net banking income target of more than €25bn,
- A cost/income ratio target of 66%,
- A profitability target for the core business lines in excess of 12%,
- A reinforcement of core Tier-1 capital with a target of more than 8% in 2013,
- The entire reimbursement of the capital provided by the French state over the life of the 2010-2013 plan. Confirmation of the target to begin reimbursing the preferred shares as of this year.

## Simplification of the group's structure

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- Plans to merge BPCE with the equity investment holding companies of the Banques Populaires (BP Participations) and Caisses d'Épargne (CE Participations),
- No change in ownership of the equity interest in Nexity (41% held by the Caisses d'Épargne); partnership with the Caisses d'Épargne to be continued,
- Implementation scheduled for the end of July 2010<sup>1</sup>.

## Adoption of a new organization, consistent with the strategic plan

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- The "Commercial Banking and Insurance" core business placed under the responsibility of a single member of the Management Board,
- Oversight for restructuring the central institution entrusted to the Deputy Chief Executive Officer – Operations,
- Modification of the corporate management structures of BPCE.

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<sup>1</sup> The content and proposals for the simplification of the Group's organization contained in this document are working hypotheses. They are designed to provide a basis for discussion within the framework of the operations under consideration by Groupe BPCE, which will be submitted for approval to the appropriate authorities in compliance with the necessary legal and corporate procedures.

On February 24, the Supervisory Board of BPCE convened a meeting chaired by Philippe Dupont to examine the group's financial statements for the 2009 financial year. These financial statements include comparisons with the pro forma figures presenting the group's financial position at December 31, 2008 as if the merger between Groupe Banque Populaire and Groupe Caisse d'Épargne had already been completed at that date. The Supervisory Board also gave its approval for the group's 2010-2013 strategic plan.

François Pérol, Chairman of the Management Board of BPCE, made the following statement:

*"In 2009, we started to turn around BPCE and Natixis in line with the targets we had previously set ourselves. With the completion of our merger, the simplification of our organization, and the strengthening of our capital, we are now going to focus on our core business activity: the full range of banking businesses, and nothing but the business of banking."*

*I would like to thank all our employees and all the cooperative shareholders of the Banques Populaires and Caisses d'Épargne for their mobilization and their contribution to the success of the merger. Together, building on the strength of our cooperative values and with a senior management team in perfect harmony with our strategic plan, we are now going to pursue the development of BPCE.*

*The "TOGETHER" strategic plan for 2010-2013 sets a course for all the group's companies and their employees to follow in addition to a set of targets shared by Groupe BPCE as a whole. Our plan is ambitious; it will mobilize all our energies in pursuit of excellence in customer relations. It is a demanding plan aimed, as it is, at achieving sustainable performance and profitability. Everyone will be able to identify with it."*

## **Full-year and 4th quarter 2009: Creation of Groupe BPCE – Improvement of fundamentals**

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### **a) Consolidated results of Groupe BPCE<sup>2</sup>**

In an economic environment impacted by the crisis, Groupe BPCE recorded enhanced operational performance in its core business activities: **Commercial Banking** (with, notably, the Banque Populaire and Caisse d'Épargne networks) **and Insurance**, and the **Corporate & Investment Banking, Investment Solutions and Specialized Financial Services division (Natixis)**.

The group's **net banking income** stands at €21,227m, equal to growth of 32%. The **Net banking income** generated by the group's two core business lines amounts to €19,101m, representing growth of 9%.

- The **Commercial Banking and Insurance division** accounts for 74% of the net banking income posted by the group's core business lines with a total of €14,159m. The Banque Populaire and Caisse d'Épargne networks are enjoying the fruit of their commercial dynamism with revenues of €5,920m and €6,108m respectively.

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<sup>2</sup> The audit procedures relating to the consolidated financial statements for the year ended December 31, 2009 have been substantially completed. The reports of the statutory auditors regarding the certification of the consolidated financial statements will be published following the verification of the Management Report and the finalization of the procedures required for the registration of the reference document.

- The **Corporate & Investment Banking, Investment Solutions and Specialized Financial Services division (Natixis)**, which posted net banking income of €4,942m, accounts for 26% of the net banking income contributed by the core business activities of Groupe BPCE.

**Operating expenses** remain stable at €16,359m despite the fact that they include the exceptional expenses related to the creation, on July 31, 2009, of BPCE, the new central institution. The operating expenses incurred by the core business lines are virtually unchanged from the previous year (+1%) at €13,514m and bear witness to the drive to trim costs made by all the group's different companies.

**Gross operating income** stands at €4,868m against a loss of €241m one year earlier. The **gross operating income** generated by the core business lines boasts growth of 31% - to €5,587m - reflecting their good operational performance.

In the Commercial Banking division, growth in expenses has been contained at 2.2% on a like-for-like basis. The cost/income ratio has improved by 9.6 points and now stands at 71%.

The Corporate & Investment Banking, Investment Solutions and Specialized Financial Services division have seen their operating expenses decline by 3% under the combined impact of a reduction in headcount and compensation.

The **cost of risk**, at €4,145m, **rose by 32%** during the year owing to the effects of the economic crisis on retail banking activities and the substantial provisions booked in the first half of the year by Natixis.

**Net income attributable to equity holders of the parent** stands at €537m and marks the group's return to profit.

#### CONSOLIDATED RESULTS OF GROUPE BPCE

<i>in ms of euros</i>	2009	2008 pro forma	2009/ 2008	2009 core business lines	2009/ 2008
Net banking income	21,227	16,096	+ 32%	19,101	+ 9%
Operating expenses	- 16,359	- 16,337	=	-13,514	+ 1%
<b>Gross operating income</b>	<b>4,868</b>	<b>- 241</b>	<b>NS</b>	<b>5,587</b>	<b>+ 31%</b>
Cost of risk	- 4,145	- 3,146	+ 32%	-2,892	+ 51%
<b>Operating income</b>	<b>723</b>	<b>- 3,387</b>	<b>NS</b>	<b>2,695</b>	<b>+ 15%</b>
Share in net income/(loss) of associates	198	184	+ 8%	186	+9%
Other items	- 1,279	-168	NS	-	-
Goodwill impairment	- 10	- 369	NS	22	NS
Income tax	293	1,044	NS	-728	+12%
Minority interests	612	849	- 28%	-124	-61%
<b>Net income attributable to equity holders of the parent</b>	<b>537</b>	<b>- 1,847</b>	<b>NS</b>	<b>2,051</b>	<b>+34%</b>

#### RESULTS FOR THE 4<sup>TH</sup> QUARTER OF 2009

The net banking income generated by Groupe BPCE in the 4<sup>th</sup> quarter of 2009 stands at €6,099m of which €4,930m was contributed by the core business lines.

The net income of Groupe BPCE in the 4<sup>th</sup> quarter of 2009 amounts to €847m.

## **b) FINANCIAL STRUCTURE OF GROUPE BPCE**

With 83% of customer loans financed by customer deposits (excluding *Livret A* passbook accounts), the Banques Populaires and Caisses d'Épargne remain only marginally dependent on the financial markets.

In 2009, Groupe BPCE raised a total of €40.2bn on the money markets to ensure its medium-/long-term refinancing, including €11.3bn raised through SFEF (Société de financement de l'économie française). More precisely, €21.8bn was raised through a refinancing pool in which BPCE is the principal issuer, and €18.4bn was raised through a refinancing pool in which Compagnie de Financement Foncier is the principal issuer.

Risk-weighted assets stood at €412bn at December 31, 2009. 59% of these assets are concentrated in the Commercial Banking division.

At December 31, 2009, the group's Tier-1 capital stood at €37.6bn. The Tier-1 ratio of Groupe BPCE was 9.1% at that date, against 8.8% at September 30, 2009.

Groupe BPCE enjoys long-term credit ratings of Aa3 awarded by Moody's and A+ awarded by Standard & Poor's and Fitch. They all include the reference 'outlook stable.'

## **c) COMMERCIAL BANKING AND INSURANCE: GROWTH IN CORE BUSINESS ACTIVITIES**

*The Commercial Banking division includes the activities of the Banque Populaire network, the Caisse d'Épargne network, the real estate financing business (Crédit Foncier) and the Insurance, International and Other networks activities.*

- Net banking income is up 17% to a total of €14,159m,
- Gross operating income stands at €4,110m representing growth of 76%,
- Net income attributable to equity holders of the parent has doubled, to reach €1,873m,
- Financing of the French economy: Groupe BPCE has fulfilled its commitment with 5.6% growth in its loans outstanding in 2009 for the Commercial Banking activity.

Against a background of economic and financial crisis, the Banques Populaires, Caisses d'Épargne and Natixis have taken resolute action in favor of financing the French economy in accordance with the commitments made to the French government in October 2008.

Throughout the year as a whole, with 3.7% growth in its loans outstanding position, Groupe BPCE has exceeded its commitment, fixed at 3.5%. This performance, which rises to 5.6% for the Commercial Banking division, is even more impressive for the three traditional clientele groups served by the Banque Populaire and Caisse d'Épargne networks. The growth in the loans outstanding position amounts to 7.3% for individual customers, 9.3% for local authorities and 3.1% for micro-companies and independent small- to medium-sized enterprises (SMEs).

For 2010, Groupe BPCE is pursuing its efforts and remaining mobilized to finance the French economy, with a particular focus on micro-companies and SMEs. Out of the global funding envelope of €38bn made available by French banks to micro-companies and SMEs in the form of new medium-/long-term loans, Groupe BPCE has made commitments for a total of €10bn.

The net banking income generated by the Commercial Banking activities stands at €14,159m, equal to growth of 17%. Restated to account for exceptional items occurring during the 2009 financial year, growth in net banking income stands at 8%. This performance can be explained by the increase in the interest margin thanks to a volume effect on loans combined with a significant decline in refinancing costs compared with 2008.

The contribution to net income attributable to equity holders of the parent by the Banque Populaire and Caisse d'Épargne networks (accounting for 88% of total income generated by the Commercial Banking division) is evenly balanced between the two networks, at €826 and €825m respectively.

- **Banque Populaire network**

*The Banque Populaire network includes 20 Banque Populaire banks and their subsidiaries, Crédit Maritime Mutuel and the Mutual Guarantee Companies.*

The year saw a good dynamic generated by the Banques Populaires despite the adverse economic environment. The outcome is positive both regarding the capture of new customers and the growth in loans granted to individual customers, professionals and corporates.

- **Savings deposits**

During the period, the aggregate savings deposits of the Banques Populaires rose 6.4% to reach a total of €175.8bn.

In the individual customer market, the deregulation of the distribution of *Livret A* passbook accounts allowed the Banque Populaire network to open 815,000 passbook accounts and to receive more than €3bn in deposits in 2009. The decline in the interest paid on regulated savings products (interest paid on *Livret A* accounts was reduced to 1.25% on August 1, 2009) also pushed customers towards other secure yet higher earning products such as life insurance, which saw deposits rise by 10.5% to a total of €37.7bn.

In the corporate customer market, the level of term account deposits increased by 28%. Assets in employee savings plans are up 17%. The number of employee savings contracts rose 38% during the period.

The Banques Populaires continued to win new customers and saw the number of their individual and professional customers increase by 1%.

- **Loans outstanding**

The loans outstanding position rose 2.5% during the period to reach a total of €139.8bn.

In the real estate market, after a sluggish start to the year, the loans outstanding position increased 4% to €68bn, carried by a resurgence in loan requests in the second half of 2009.

Aggregate equipment loans enjoyed 4% growth to €50bn.

And lastly, despite a difficult market environment, outstanding consumer loans rose 3% to reach a total of €7bn.

- **Financial results**

Thanks to good commercial dynamics despite the adverse environment, the net banking income of the Banques Populaires increased 7% on a pro forma basis, after restatement to account for non-recurring items. The net banking income contributed to the group amounted to a total of €5,920m.

This good performance can be explained in particular by a sharp increase in the interest margin. General speaking, commissions from banking services remained stable. More specifically, the increase in commissions earned on managing loans (+ 2%) and in commissions from the distribution of insurance products (+ 2%) offset the decline in commissions paid on securities (- 5%).

Operating expenses have increased 1.7% on a like-for-like basis, thereby confirming the success of the drive to closely manage costs.

The cost/income ratio stands at 66.7%.

In view of the increase in company failures in the uncertain economic environment, the cost of risk rose 37% to a total of €737m.

Net income stands at €826m.

- **Caisse d'Épargne network**

*The Caisse d'Épargne network includes 17 Caisses d'Épargne.*

Against a background of economic crisis and despite the deregulation of the distribution of *Livret A* passbook accounts, the Caisses d'Épargne demonstrated strong resilience. The year was marked by an increase in the number of customers who chose the French savings banks as their principal banking partner. This commercial success is based both on growth in customers' deposits and on new loan production.

- **Savings deposits**

The aggregate savings deposits of the Caisses d'Épargne rose 1.6% during the period to reach a total of €327.1bn.

The deregulation of the distribution of *Livret A* passbook accounts and the decline in the interest paid on regulated savings products had a negative impact on the network's *Livret A* deposits (- 6.5%), a decline partially offset by the dynamism of the sales policy pursued by the savings banks. New deposits related to life insurance products and the popular retirement savings scheme (PERP) were multiplied by a factor of 2.4, reaching a total of €4.2bn. After a difficult year in 2008, new deposits on home purchase savings plans saw improvement, and customers' deposits increased by 2% to a total of €35bn.

Average funds on demand deposit accounts enjoyed 6% growth for the Retail Banking segment and by 15.1% for the Regional development banking sector.

In 2009, the Caisses d'Épargne pursued their drive to win new customers. In the individual customer market, this campaign resulted in an increase of more than 2% in the number of individual customers domiciled with a French savings bank and a 7% increase in the number of active professional customers.

In the corporate customer segment, the sales drive made it possible to attract 2,220 new customers. The number of active customers rose by 11% and commercial flows handled increased by 8%.

- **Loans outstanding**

With 7.3% growth in the loans outstanding position to €137.3bn, the Caisse d'Épargne network has fully honored the commitment it made to the French state regarding the financing of the French economy.

In the severely depressed market for consumer loans, the Caisses d'Épargne nevertheless continued to win new market share. Their loan commitments increased by almost 3% to reach a total of €5bn; outstandings stand at almost €10bn.

After a difficult start to the year, the production of new real estate loans took off in the second half of the year. The aggregate loans outstanding position has risen 4% to €80bn. In the corporate customers market, commitments for medium-/long-term loans have risen 2% over commitments made in the 2008 financial period.

The second largest institution providing financing to local authorities in France, the Caisses d'Épargne enjoyed 60% growth in their commitments in this market segment in 2009 to a total of €7.2bn.

- **Financial results**

Thanks to their sustained sales drive, the net banking income of the Caisses d'Épargne saw 12% growth on a pro forma basis and after restatements to account for non-recurring items. The net banking income contribution came to a total of €6,108m.

The interest margin rose sharply during the year thanks to a volume effect on new loan production as a whole, the decline in refinancing costs and the reduction of the Caisses d'Épargne's financial portfolios.

Commissions earned on lending activities (+ 13%) and commissions on banking services (+ 6%) offset the decline in commissions earned on financial savings (- 11%) and on centralized savings products (- 11%).

Operating expenses remain under close control at €4,514m (+ 1.4%). The cost/income ratio stands at 73.9%.

The cost of risk amounted to €340m, reflecting a decline of 14% owing to the reduction in impairments on the financial portfolios of the Caisses d'Épargne. The cost of risk related to customer credit activities has nevertheless been multiplied by a factor of two owing to the deterioration in the economic environment.

Net income stands at €825m.

- **Real estate financing**

The real estate financing division is chiefly comprised of the activities pursued by Crédit Foncier. The net banking income generated by the division remains at a high level at €1,008m despite a general downturn in business activities in the real estate sector.

The loans outstanding position rose 1.7%% to reach a total of €116bn. Aggregate loans granted to individual customers increased by 5.5% to €46bn at December 31, 2009.

New loan production came to a total of €14.7bn in 2009. Crédit Foncier continued to win market share among first-time homebuyers during the year. What is more, Crédit Foncier confirmed its front-ranking position for the distribution of PAS loans designed to facilitate home-ownership and PTZ interest-free loans.

In the corporate customer market, outstanding loans contracted by 0.7%, to €70bn, owing to the prevailing economic difficulties and despite the good commercial dynamic.

The cost of risk stood at €86m, reflecting a decline compared with 2008.

The contribution of Crédit Foncier to the net income of Groupe BPCE stands at €231m.

- **Insurance, International and Other networks**

*The Insurance, International and Other networks division brings together the group's interest in CNP Assurances, GCE Assurances, Banque Palatine, Société Marseillaise de Crédit (SMC) and BPCE International et Outremer, the name proposed for the entity destined to assume responsibility for the international subsidiary of Groupe BPCE (excluding the entities included in Natixis' scope of consolidation).*

Net banking income has increased marginally, to €1,126m up from €1,116m at the end of 2008.

Net income stands at a loss of €9m against a profit of €230m one year earlier owing, in particular, to the deterioration in the results posted by the overseas subsidiaries following the rise in risks. The insurance businesses account for €154m of the divisions' net income.

#### **d) CORPORATE & INVESTMENT BANKING, INVESTMENT SOLUTIONS AND SPECIALIZED FINANCIAL SERVICES (NATIXIS)<sup>3</sup>**

Corporate & Investment Banking, Investment Solutions and Specialized Financial Services respectively contributed €4,942m and €1,477m to the net banking income and gross operating income of Groupe BPCE.

Net banking income is 10% down on the year, reflecting the persistence of the crisis but also the clear improvement in performance observed in the second half of the year, in particular in asset management, specialized finance and interest-rate market activities. Restated to account for Credit Portfolio Management (CPM), Natixis' net banking income is up by 14% on the year.

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<sup>3</sup> The results of Natixis are presented in a detailed press release published separately

At €3,465m, operating expenses are significantly down as a result of headcount reductions at CIB, reduced bonuses (variable portion of compensation) and the decline in restructuring costs.

The cost of risk has increased sharply because of a significant increase in provisions booked in the first half of the year in activities relating to real estate and leveraged buyouts (LBO).

The core businesses of Natixis contributed €178m to the group's result.

### **e) EQUITY INTERESTS**

*The Equity Interests division primarily consists of the activities of Foncia, Nexity, Coface and Natixis Private Equity.*

Over the period, the Equity Interests division generated net banking income of €1,687m compared with €2,139m one year earlier. Despite steady recovery in the second half of the year, the activities of Coface were severely affected by the crisis and largely explain the decline in net banking income.

Foncia and Nexity have shown strong resilience faced with the crisis and respectively contributed €547m and €828m to Groupe BPCE's net banking income.

This division recorded a gross operating loss of €253m compared with a profit of €181m at the end of 2008.

### **f) ACTIVITIES MANAGED ON A RUN-OFF BASIS AND OTHER BUSINESSES**

The activities managed on a run-off basis reflect the contribution of the Workout Portfolio Management (GAPC) activities of Natixis and the run-off activities conducted by CE Participations (former proprietary trading activity of CNCE). 'Other Businesses' include the contribution of holding company activities as well as all exceptional items.

Net income attributable to equity holders of the parent amounts to a loss of - €1,333 owing, in particular, to the impairment of goodwill recognized by the group for a total of €1,279m.

With regard to GAPC, the balance of valuations is slightly positive for the second half of 2009. By convention, the asset guarantee granted by BPCE to Natixis had a marginal impact on the results of Groupe BPCE in the second half of 2009.

## **2010-2013: a strategy based on developing the Commercial Banking division and Natixis, and focused on unlocking the potential of the new group**

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### **a) AN AMBITION FOUNDED ON THE GROUP'S CORE PRIORITY: TO BECOME THE PREFERRED BANKING INSTITUTIONS OF THE FRENCH AND THEIR COMPANIES**

Comprised of two parent networks – each boasting a rich and significant history in the financing of the French economy – and a large number of subsidiaries, the largest being Natixis, Groupe BPCE builds on the strength of its cooperative model, with 7 million cooperative shareholders. This is an efficient and meaningful business model. All the Group's businesses and their 127,000 employees share four fundamental principles for action that are the essence of this model's originality:

- Commitment to a drive for sustainable performance
- Development of a culture of service
- Promotion of initiative and the entrepreneurial spirit
- Constant focus on a local presence and respect for diversity.

This model will not be affected by the Group Plan; on the contrary, it will remain the very foundation on which this plan is built.

Without fundamentally changing its profile, Groupe BPCE is making the strategic choice to focus its development on the businesses that contribute directly to its role in taking savings deposits and providing finance. Its core business lines are therefore:

- Commercial banking and Insurance
- Corporate & Investment banking, Investment Solutions and Specialized Financial Services, gathered together within Natixis.

The group's other activities will be considered as equity interests which, thanks to their earning capacity, must help finance the development of the Group.

- **Commercial Banking and Insurance**

This division covers the network activities of the group's two historic brands, Banque Populaire and Caisse d'Épargne, together with Crédit Foncier de France, Banque Palatine and Société Marseillaise de Crédit. It also includes Financière Océor and the other international subsidiaries of Groupe BPCE, excluding Natixis. (In the future, this division could be known as BPCE International et Outremer, provided that the necessary authorizations are granted).

Insurance is a strategic business activity for retail banking. It will provide leverage for the group's organic growth.

With Crédit Foncier, Groupe BPCE is a major player in real estate financing. However, the non-banking subsidiaries involved in other real estate activities will be managed as equity interests. Nonetheless, Groupe BPCE will continue to develop synergies for its customers with activities in the area of real estate services, which do not require a controlling stake in the companies concerned.

- **Corporate & Investment Banking, Investment Solutions and Specialized Financial Services**

Structured into three core business lines, Natixis has repositioned itself through its production centres at the service of its clientele of major corporations & institutionals and at the service of the retail banking networks.

## **b) AN INDUSTRIAL PLAN BASED ON THE OPPORTUNITIES GENERATED FROM THE MERGER BETWEEN THE BANQUE POPULAIRE BANKS AND THE CAISSES D'ÉPARGNE WITHIN BPCE**

With well-identified core business lines, the Group's companies plan to take maximum advantage of its structure and the potential synergies it offers. Named "TOGETHER", the Group's strategic plan is more than the sum of the ambitions of its separate components. It aims to mobilize the group's employees in a sustained commitment at the service of its customers, its cooperative shareholders, the French economy and the regions.

### ***Banks more accessible to their customers***

Giving customers excellent service in order to be the preferred banking institutions of the French is now the priority of the group and of each of its entities.

Building on their business model based on human-sized companies, deeply rooted in their local communities, the Banques Populaires, the Caisses d'Épargne, but also Natixis and the other subsidiaries, are focusing on customer satisfaction by laying a particular emphasis on quality of service, on the changing expectations of consumers and on technical progress.

Above and beyond the aspects common to all the networks, the Banques Populaires will focus their development on attracting specific customer populations and providing them with banking services over the long term. Their target is to attract 300,000 customers using the Banques Populaires as their principal banking partner by the end of 2013 and 2,000 companies generating sales of more than €1m by the end of the plan.

The Caisses d'Épargne will put quality at the heart of their relationship with their customers. They aim to increase net banking income by pursuing their drive to provide banking services with a target of 5.2m domiciled customers by 2013, and through the expansion of regional development banking, where their goal is to improve net banking income by 10% per year over the duration of the plan.

### ***Banks that are more entrepreneurial***

Groupe BPCE will cultivate an entrepreneurial spirit in the Banques Populaires and Caisses d'Épargne. It will explore new geographical areas and seek to attract new categories of customers.

- On the geographical side, the group will favor the acquisition of majority stakes in small businesses (less than €500m) in growth areas such as Central and Eastern Europe, sub-Saharan Africa and the Mediterranean basin. To manage these developments, the Group plans that what is currently Financière Océor, a wholly owned subsidiary of the central institution (and which could change its name in the future to BPCE International et Outremer provided that the necessary authorizations are obtained) will ultimately hold all the international subsidiaries of Groupe BPCE (outside the scope of Natixis). Natixis will extend its CIB activities in Asia and will enhance the worldwide coverage of its asset management business.
- Gaining new clients will also be a regional process, with a greater emphasis on relations with companies generating sales of between €50m and €100m, and through the development of 'green growth' with products associated with environmental and climate issues.

### ***Banks that are more efficient***

The strategic plan reflects the joint desire of the group's entities to go further in building a stronger and more efficient group, through stronger commercial relations and by generating additional revenue through the exploitation of significant synergies:

- Cost synergies in a full year could reach €1 billion by 2013. These gains will be generated particularly by merging central institutions, consolidating purchase volumes and sharing infrastructures.
- The revenue synergies expected from closer relations between Natixis and the Group's banks should exceed €800m per full year in 2013. These plans notably include the rollout of personal loans in the Banques Populaires, wealth management

and life assurance offerings for private customers and the reorganization of activities related to the local government sector financing.

This pursuit of efficiency is seen as a long-term process, reflecting the group's values and principles for action. This sustained commitment will be underpinned by the implementation of indicators designed to monitor business management and the quality of customer relations.

### **A benchmark employer**

The 2010-2013 road map transforms BPCE into a group sharply focused on its role as a banker bringing the best possible service to its customers and cooperative shareholders, and becoming an attractive employer in all its activities.

To foster this process, BPCE is organizing a unified management system for its senior executive to promote the sense of belonging to a single group. Systems of mobility and shared skills are being set up to offer employees career prospects and a wide variety of professional options.

### **FINANCIAL CHALLENGE**

The commercial challenge accepted by BPCE goes hand-in-hand with a financial challenge. The group intends to recover an earning capacity capable of allowing it to enhance its capital adequacy and to implement its development projects, while simultaneously reimbursing the French state. It is planned to complete this reimbursement during the life of the plan, with the first reimbursement of preferred shares beginning in 2010.

Groupe BPCE has set itself ambitious economic and financial goals for 2013:

- A net banking income target of more than €25 billion, 2/3 derived from commercial banking activities and 1/3 from Natixis' core activities,
- A cost/income ratio target of 66%. The cost/income ratio target for the Banques Populaires and for the Caisses d'Épargne is respectively 64.5% (- 3p) and 68% (- 7p) within the life of the plan,
- A profitability target for the core business lines in excess of 12%.

Capital will be generated from the Group's enhanced profitability, creating a solid capital base with a target Core Tier-1 ratio in excess of 8% (Basel II) by the year 2013.

### **Simplification of the group's structure**

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Created in July 2009, Groupe BPCE should complete a new phase in its organization by simplifying its organizational structure at the end of July 2010. The strategic review conducted within the framework of the Group Plan, together with the external audit in 2009 of all its structured loan assets, mean that the Caisses d'Épargne and Banques Populaires shareholders can consider merging their equity investment holding companies with BPCE.

The subsidiaries currently owned by the holding companies BP Participations and CE Participations would be incorporated into BPCE. The transaction would take the form of a merger scheduled for the end of July 2010.

This operation would have no impact on Nexity; the 41% equity interest in this subsidiary would continue to be held by the Caisses d'Épargne. The partnership with the Caisses d'Épargne will remain in force.

## Adoption of a new organization, consistent with the strategic plan

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- The “Commercial Banking and Insurance” core business, currently shared between two managers, one responsible for the Banques Populaires, the other in charge of the Caisses d’Epargne, will be placed under the responsibility of a single member of the Management Board.

**Olivier Klein**, currently Chairman of the Management Board of the Caisse d’Epargne Rhône-Alpes, will be responsible for the two Banque Populaire and Caisse d’Epargne Development Departments. These departments will remain distinct, however, in accordance with the principle underlying the development of this core business line, which requires maintaining competition between the two networks for all types of clientele.

Olivier Klein will join the Management Board in the capacity of Chief Executive Officer - Commercial Banking.

- The task of managing the reorganization of the central institution will be entrusted to Philippe Queuille, currently Deputy Chief Executive Officer - Operations.

**Philippe Queuille** will become a member of the Management Board of BPCE, in the capacity of Chief Executive Officer – Operations and oversight for the reorganization of the central institution.

- **François Blancard**, Chief Executive Officer of Crédit Foncier de France, will join the Executive Committee.
- **Bruno Deletré**, Chief Executive Officer of Financière Océor (which could change its name in the future to BPCE International et Outremer provided the necessary authorizations are obtained) will join the Executive Committee.

These changes were approved by the Supervisory Board at their meeting convened on February 24, 2010. They will become effective in April 2010.

- Alain Lemaire and Yvan de la Porte du Theil have, since March 2009, made a decisive contribution to the construction of the group and the definition of the 2010 – 2013 strategic plan. They will continue to hold positions of responsibility within the group, notably as members of the Boards of Directors of subsidiaries.

### About BPCE:

*Groupe BPCE, the 2<sup>nd</sup>-largest banking group in France, includes two independent and complementary commercial banking networks: the network of 20 Banque Populaire banks and the network of 17 Caisses d'Epargne. It also works through Crédit Foncier de France in the area of real estate financing. It is a major player in corporate & investment banking, asset management and financial services with Natixis. Groupe BPCE serves more than 37 million customers and enjoys a strong presence in France with 8,200 branches, 127,000 employees and more than 7 million cooperative shareholders.*

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**BPCE – Corporate governance**General Management Committee**François Pérol, Chairman of the Management Board**

Olivier Klein, Chief Executive Officer – Commercial Banking

Laurent Mignon, Chief Executive Officer of Natixis

Philippe Queuille, Chief Executive Officer – Operations and oversight for the reorganization of the central institution

Nicolas Duhamel, Chief Financial Officer

François Riahi, Deputy Chief Executive Officer - Strategy

Jean-Luc Vergne, Chief Executive Officer – Human Resources

Executive Committee

This Committee includes the members of the General Management Committee +

Didier Banquy, Corporate Secretary

François Blancard, Chief Executive Officer of Crédit Foncier de France

Bruno Deletré, Chief Executive Officer of BPCE International et Outremer

Dominique Garnier, Director – Commercial Banking Coordination

Martine Lefebvre, Director – Internal Audit Department

Isabelle Maury, Director – Group Risks

Laurence May, Director – Compliance and Group Security

Yves Messarovitch, Director – Corporate Communications

**Olivier Klein** (52) is a graduate of the ENSAE school of statistics and economic administration and HEC's course in advanced finance (*cycle d'études supérieurs en finances*). After holding positions of responsibility within BFCE, he created within this institution an Investment Bank specializing in mergers & acquisitions and private equity. He joined Groupe Caisse d'Épargne in 198 and, in 2000, was appointed Chairman of the Management Board of the Caisse d'Épargne Ile-de-France Ouest. In 2007, he was appointed Chairman of the Management Board of the Caisse d'Épargne Rhône-Alpes. He is currently Chairman of the national retail banking commission of the Caisses d'Épargne. Olivier Klein is also a member of the Boards of Directors of Natixis and Coface, and is an associate professor at HEC in economics and finance.

**Philippe Queuille** (53), a graduate of the Ecole nationale supérieure d'Arts et Métiers, joined Groupe Banque Populaire in 1980 in a position in Banque Populaire du Sud-Ouest. He was appointed Chief Executive Officer of Banque Populaire de la Loire in 1998 and, subsequently, Chief Executive Officer of Banque Populaire de l'Ouest in 2001. In 2006, he became Chairman and CEO of i-BP. He was appointed Deputy Chief Executive Officer of Banque Fédérale des Banques Populaires in January 2008. Since July 31, 2009, he has served as a member of the General Management Committee of BPCE in the capacity of Deputy Chief Executive Officer - Operations.

**Bruno Deletré** (48) is a former student of Ecole Polytechnique and the Ecole Nationale d'Administration (ENA, Fernand Braudel class) and an *Inspecteur des finances* (auditor at the French Treasury). He joined the Treasury Department in 1991. A technical adviser on the personal staff of the Minister for the Economy and Finance between 1995 and 1997, he was responsible for international and European affairs. Appointed Deputy Director of the Treasury Department in 1997, he was responsible for "financing of the economy and corporate competitiveness" and, subsequently, for "Europe and international affairs." He joined the Management Board of Dexia-Crédit Local in 2001, assuming responsibility for international activities, structured finance, bookkeeping, and management control. As of 2006, in his capacity as Chief Executive Officer of the Dexia Group, Bruno Deletré was in charge of financial services provided to the public sector, project financing and credit enhancement. He left Dexia in July 2008 to join the *Inspection générale des Finances*, the French Treasury department responsible for auditing public bodies. There, he wrote two reports on the regulation and supervision of the financial sector commissioned by the Minister of the Economy, Industry and Employment in the French Government. In July 2009, he joined BPCE as Chief Executive Officer of Financière OCEOR (international activities of BPCE).

**François Blancard** (52), a graduate of the ESSEC school of business administration, began his career with the Crédit Lyonnais in 1981. After spending more than 10 years with Crédit Lyonnais and Paribas, he joined Groupe Caisse d'Épargne in 1993. In 1995, he was appointed

to the Management Board of the Caisse d'Épargne de Picardie, responsible for sales development. In 2000, he moved to Crédit Foncier to assume responsibility for sales development in this bank, and he subsequently joined the Management Board in 2002. From 2004 to 2006, he was Director of Retail Banking of Groupe Caisse d'Épargne. Since 2006, he has served as Chief Executive Officer of Crédit Foncier.