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BPCE

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BPCE

SACP	a-	+	Support	+1	+	Additional Factors	0

Anchor	bbb+	
Business Position	Strong	+1
Capital and Earnings	Adequate	0
Risk Position	Adequate	0
Funding	Average	0
Liquidity	Adequate	

GRE Support	0
Group Support	0
Sovereign Support	+1

Issuer Credit Rating
A/Negative/A-1

Major Rating Factors

Strengths:	Weaknesses:
• Second-largest retail bank in France, with stable franchise in core businesses. • Focused strategy oriented toward areas of expertise. • Sound earnings retention, benefiting from its status as a cooperative institution.	• Moderate growth potential in the French domestic banking market. • Dampening effect of low interest environment on revenues and overall efficiency. • Potential extraordinary government support for European banks, including BPCE, is likely to decrease as resolution frameworks are put into place.

Outlook: Negative

The negative outlook on Groupe BPCE (BPCE) indicates that we may remove the one notch of uplift that we factor into our ratings, if we believe that the potential for extraordinary support has become too unpredictable for French banks.

If we categorize France as "support uncertain," we would remove the notch of support we currently include in the ratings on BPCE. However, if we remove this systemic support notch, we may instead include a notch of support for additional loss-absorbing capacity (ALAC) if we deem the resolution regime in France to be effective, and if we expect BPCE's subordinated buffers to meet a required threshold over a two-year horizon, or potentially longer.

We could revise the outlook to stable if our view of government support remains unchanged or if the removal of the notch of systemic support is offset by a notch for ALAC uplift.

We see relatively limited downside or upside risk for BPCE's stand-alone credit profile (SACP) at this juncture. A weakening in the maturity profile of BPCE's funding could weigh on the SACP. Conversely, a material strengthening in its capitalization, with our prospective risk-adjusted capital (RAC) ratio exceeding 10%, could exert upward pressure on the SACP.

Rationale

BPCE's SACP is supported by our view of its prominent and leading franchise in retail banking in France, as well as its adequate financial profile. The SACP also factors in the material strengthening in the bank's capital position over the past four years, and our expectation that the bank will continue to moderately improve its funding and liquidity ratios in the next two years. We view BPCE's risk management capabilities as adequate compared with peers'. The group's risk policy is conservative, in our view. We expect loan loss provisions to remain low in 2015, supported by a moderate recovery in France, where the bulk of BPCE's exposure is concentrated.

Anchor: 'bbb+' for banks operating predominantly in France

Our bank criteria use our Banking Industry Country Risk Assessment methodology and our economic risk and industry risk scores to determine a bank's anchor, the starting point in assigning an issuer credit rating. Our 'bbb+' anchor for a commercial bank operating predominantly in France is based on an economic risk score of '3' and an industry risk score of '3', on a scale of 1-10. BPCE's weighted economic risk score stands at around '3', reflecting Groupe BPCE's dominant share of assets in its domestic market. Its anchor is 'bbb+', which is the starting point to assess its SACP.

Our economic risk score for France reflects our view that its economy is stable and wealthy with low private-sector credit risk. In our view, the French economy's resilience to adverse external developments has been reduced by a relatively high public debt burden, decreased external competitiveness of the corporate sector, and persistently high unemployment. After three years of almost no growth, prospects in France are improving, thanks to favorable external factors, mainly lower oil prices, leading to increased household consumption, and a weaker euro, which limits the erosion of companies' competitiveness. Nevertheless, investment remains low and unemployment high. The housing market correction that started in 2012 continues. We believe, however, that the banking sector will maintain sound domestic asset quality. We project stable economic risk.

Our industry risk score reflects our view of financial institutions' reduced ability to extract revenues from their domestic market. Banks are currently operating in a less favorable environment, with low interest rates compounded by regulated-rate savings and other recent reforms, which are constraining prospective revenues. Domestic funding remains underpinned by stable domestic customer deposits stemming from a high household savings rate and by deep domestic capital markets. We project stable industry risk.

Table 1

BPCE Key Figures					
	--Year-ended Dec. 31--				
(Mil. €)	**2014**	**2013**	**2012**	**2011**	**2010**
Adjusted assets	1,080,852	988,877	1,017,287	1,014,329	923,309
Customer loans (gross)	565,898	549,043	527,283	516,658	494,568
Adjusted common equity	48,299	44,074	41,219	36,745	33,352
Operating revenues	23,830	23,304	22,448	23,267	23,619
Noninterest expenses	16,330	16,135	15,935	15,881	16,057
Core earnings	3,475.9	2,937.4	2,622.1	2,731.5	3,746.7

Business position: Prominent and stable position in retail banking in France

Groupe BPCE's business position is "strong," in our opinion. It is a universal banking group with a dominant focus on retail banking in France, where it ranks No. 2. Groupe BPCE's prominent, long-standing, and stable domestic retail franchise is the primary driver of our assessment of the group's business position. The group's universal banking model enables it to strengthen its relationship with customers, in our view. Nevertheless, we consider Groupe BPCE's business diversification to be average, and, by geography, limited in comparison with peers. We view the group as a second tier player in corporate and investment banking, while investment solutions and specialized financial services offer a nice complement to the group's business position, with continued growth in insurance activities, an area of focus for the group. We consider the group's business and franchise stability to be strong and its earnings generation to be solid and predictable.

We view BPCE's management team as well advanced in the implementation of a cohesive strategy that is built around its core franchises, grouped around two business lines: retail banking and insurance, and wholesale banking, investment solutions and specialized financial services (see box 1 below). We consider Groupe BPCE's management team to be risk-averse. Under our base case, we anticipate that BPCE's strategic direction will focus on organic growth in the coming quarters. As defined in the group's 2014-2017 strategic plan, we expect retail banking and insurance as well as customer-related wholesale banking to remain the cornerstone of Groupe BPCE's business position. International development should be selective and targeted. BPCE's strategic plan is laying the groundwork for additional cost and revenue synergies, which the group estimates will each be at around €900 million. We believe that potential for growth exists throughout all business lines, notably by better leveraging the group's large customer base in France. Groupe BPCE still faces the challenge of continuing to improve cross-selling though.

As a result of BPCE's recent strategic plan, we expect the group to continue strengthening its financial structure. This should take the form of increasing capitalization, continued rebalancing of its funding profile, and strengthening of liquidity reserves. We also expect strong cost management across all business lines, particularly in light of the dampening effect of low interest rates on future revenue.

Groupe Banque Populaire (GBP) and Groupe Caisse d'Epargne (GCE) merged in summer 2009 to form Groupe BPCE. Cost and revenue synergies derived from the merger were ahead of predefined targets. Over recent years, BPCE's management has also refocused its subsidiaries in lower-risk business areas where they have expertise. The business scope of its wholesale bank, Natixis, was consequently tightened, while its specialized mortgage lender, Credit Foncier de France (CFF), is still in the process of finalizing its rightsizing and tackling its limited profitability. Also, Groupe BPCE gradually simplified its complex structure, inherited from the merger, and identified subsidiaries that do not entirely fit into its two main business lines. Over the past few years, Groupe BPCE has demonstrated its ability to:

- Seize opportunities to dispose of noncore assets, as exemplified by the partial IPO of credit insurer Coface, the sale of real-estate manager Foncia, and the reduction in its stake in Nexity and some private equity assets; and
- Wind-down Natixis' workout portfolio and most of CFF's nonstrategic assets.

Box 1

Groupe BPCE is a cooperative group. As a typical structure for a cooperative group, BPCE is fully owned by 35 regional banks (18 Banques Populaires and 17 Caisses d'Epargne), which in turn are owned by 8.9 million member-customers (who own cooperative shares issued by the regional banks and elect their board of directors). Although BPCE does not have a specific role in managing local banks, the bank closely monitors group risk exposures, provides most of its funding, and coordinates commercial and marketing policies. As per article L512-107 of Law no. 2009-715, BPCE is to apply article L511-31 of the French Monetary Code, according to which it is responsible for taking any step to guarantee the solvability and liquidity of the group and its member banks. As for all French mutual banking groups, Standard & Poor's considers the solidarity mechanism binding the central body to its member banks to be strong and reliable.

Commercial Banking and Insurance (62% of profit before tax excluding corporate center in 2014). With operations through close to 8,000 branches, Groupe BPCE is the No. 2 domestic banking network and is well-scattered throughout the country. Its market share in credits and deposits stood at around 21% and 22%, respectively, as of Dec. 31, 2014. As a cooperative group, BPCE's retail banking in France is carried out by regional banks. Banques Populaires (BP) and the Caisses d'Epargne et de Prévoyance (CE) are the group's two major brands. CE's roots lie in serving individuals, while BP serves local entrepreneurs and SMEs. Other networks, such as specialized mortgage lender, Crédit Foncier de France, also enhance the group's domestic footprint. We believe that BPCE's international retail presence is limited. Outside France, BPCE International & Outre-Mer primarily operates in French territories overseas and North Africa. The group left most Central and Eastern European countries in 2011.

Wholesale banking, Investment Solutions and Specialized Financial Services (35% of profit before tax excluding corporate center in 2014). Natixis embodies the wholesale banking, investment solutions, and specialized finance business line. It is the major contributor to the diversification of Groupe BPCE's business position. We consider Natixis as a second-tier wholesale banking player (made up of financing and capital market activities, which contributed to roughly 6% and 5% of Groupe BPCE's revenues in 2014, respectively). Natixis benefits from a longstanding and solid domestic franchise in lending to midsize and large corporations, and structured and commodity financing. Its specialized financing services sub-business line is growing and primarily directed toward serving BPCE's retail banking activities. Asset management accounts for the bulk of investment solutions, which is growing internationally, in particular in the U.S. BPCE owned 71% of Natixis at end-June 2015, with the remaining shares listed on the Paris Stock Exchange. We believe that Natixis should continue to reinforce its role in supporting the franchise of the group's retail banks. In November 2013, BPCE announced that group insurance companies would be grouped around Natixis, which was implemented in 2014. Also, BPCE owns a 16.1% stake in CNP Assurances, with which it had traditionally been entertaining distribution relationships in life insurance. BPCE and CNP Assurance have signed a renewed starting Jan. 1, 2016, for a term of seven years, which will enable BPCE to gradually consolidate its position in bancassurance.

Table 2

BPCE Business Position					
	--Year-ended Dec. 31--				
(%)	**2014**	**2013**	**2012**	**2011**	**2010**
Total revenues from business line (currency in millions)	23,437.0	23,082.0	22,542.0	23,473.0	23,619.0
Commercial & retail banking/total revenues from business line	69.3	66.1	77.5	76.1	75.6
Insurance activities/total revenues from business line	6.7	6.6	N/A	N/A	N/A
Asset management/total revenues from business line	12.0	10.6	9.2	8.0	7.6
Other revenues/total revenues from business line	6.5	11.2	7.1	10.7	10.9
Investment banking/total revenues from business line	5.4	5.4	6.3	5.1	5.9
Return on equity	5.5	5.3	4.4	6.0	8.9

N/A--Not applicable.

Capital and earnings: Strengthened capitalization through earnings retention and sale of cooperative shares

Our "adequate" assessment of Groupe BPCE's capital and earnings reflects our expectation that the group's projected RAC ratio before diversification will continue to increase to 8.5%-9% by mid-2017. Groupe BPCE's RAC ratio increased materially to 7.8% at end-2014, up from 6.9% a year earlier, reflecting, among other things retained earnings, the sale of cooperative shares, and limited growth in risk exposures. Quality of capital is also a supportive factor, with hybrids and deferred tax assets--which we view as a lower quality element within total adjusted capital--accounting for about 10% of its total.

Over the past few years, Groupe BPCE has steadily improved its capital adequacy trajectory. Adequate risk-adjusted profits, limited dividends when compared with peers, and the sales of cooperative shares support group capital formation. BPCE sold around €6 billion cooperative shares to its member-customers over 2012-2014. Our RAC projection for the next two years reflects our view that BPCE will continue to improve its capital ratios on the back of broadly stable profitability. We also expect further issuances of cooperative shares (albeit smaller than in the past three years), a modest dividend payout (reflecting its mutual status), and moderate growth in Standard & Poor's risk-weighted assets. Our projections do not include any issuance of Additional Tier 1 instruments as we understand that the group's strategy is to strengthen its common equity ratio through retained earnings, and to replace legacy Tier 1 instruments by Tier 2 securities.

Groupe BPCE common equity Tier 1 ratio stood at 12.1% as of June 30, 2015 (fully loaded). The group targets a common equity Tier 1 ratio of above 12% in 2017, but we believe that the group's ratio may continue to exceed that level, particularly in light of ongoing regulatory reforms from the Basel committee and other standard setters, which may affect banks' capital requirements. BPCE's total capital ratio increased to 15.9% on June 30, 2015 from 13.1% at end-2013. This increase was supported by retained earnings and Tier 2 issuance replacing legacy Tier 1 instruments during the period.

Under our base case scenario, the group's net profits in 2015 will remain close to their sound 2014 levels. We expect that the low interest rate environment and renegotiation of mortgage loans in France will put pressure on the margins, albeit largely offset by a moderate increase in lending. The strategic focus on cross-selling and savings businesses should gradually benefit other operations. However, the overall constrained outlook on revenues will, in our view, mean that cost containment will remain a key area of attention for management. Cost of risk should remain low, below 40 basis points (bps) of average customer loans, supported by the gradual recovery in the French economy. The results in the first half of 2015 improved year-on-year, with revenues supported by good activity levels across all core businesses and a low cost of risk.

Table 3

BPCE Capital And Earnings					
	--Year-ended Dec. 31--				
(%)	**2014**	**2013**	**2012**	**2011**	**2010**
Tier 1 capital ratio	12.7	12.8	12.2	10.6	9.7
S&P RAC ratio before diversification	7.8	6.9	6.7	5.7	6.5
S&P RAC ratio after diversification	9.5	8.7	8.3	7.1	8.0
Adjusted common equity/total adjusted capital	97.0	96.0	95.1	94.5	79.9
Net interest income/operating revenues	48.4	49.5	49.0	53.8	51.6
Fee income/operating revenues	34.1	33.1	32.6	32.0	31.4
Market-sensitive income/operating revenues	10.6	10.7	9.9	3.8	8.2
Noninterest expenses/operating revenues	68.5	69.2	71.0	68.3	68.0
Preprovision operating income/average assets	0.6	0.6	0.6	0.7	0.7
Core earnings/average managed assets	0.3	0.3	0.2	0.2	0.4

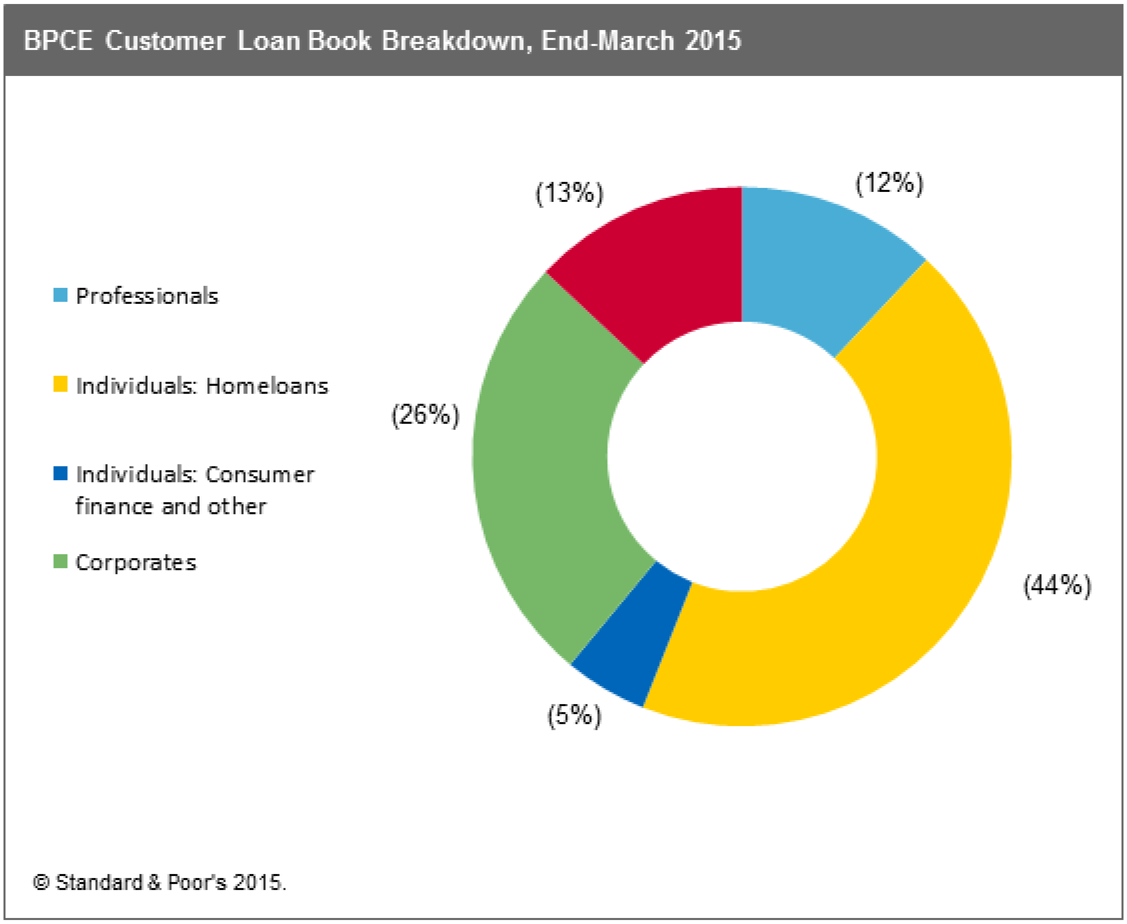
RAC--Risk-adjusted capital.

Risk position: Primarily domestically driven, with a low cost of risk

Our assessment of Groupe BPCE's risk position as "adequate" is underpinned by the bank's targeted growth strategy, around a few selected areas of expertise, and our view of its adequate risk management capabilities. Groupe BPCE faces areas of risk that differ widely in nature, ranging from its simple businesses to more sophisticated market and credit activities. However, we view the balance sheet as being less complex than that of larger international peers.

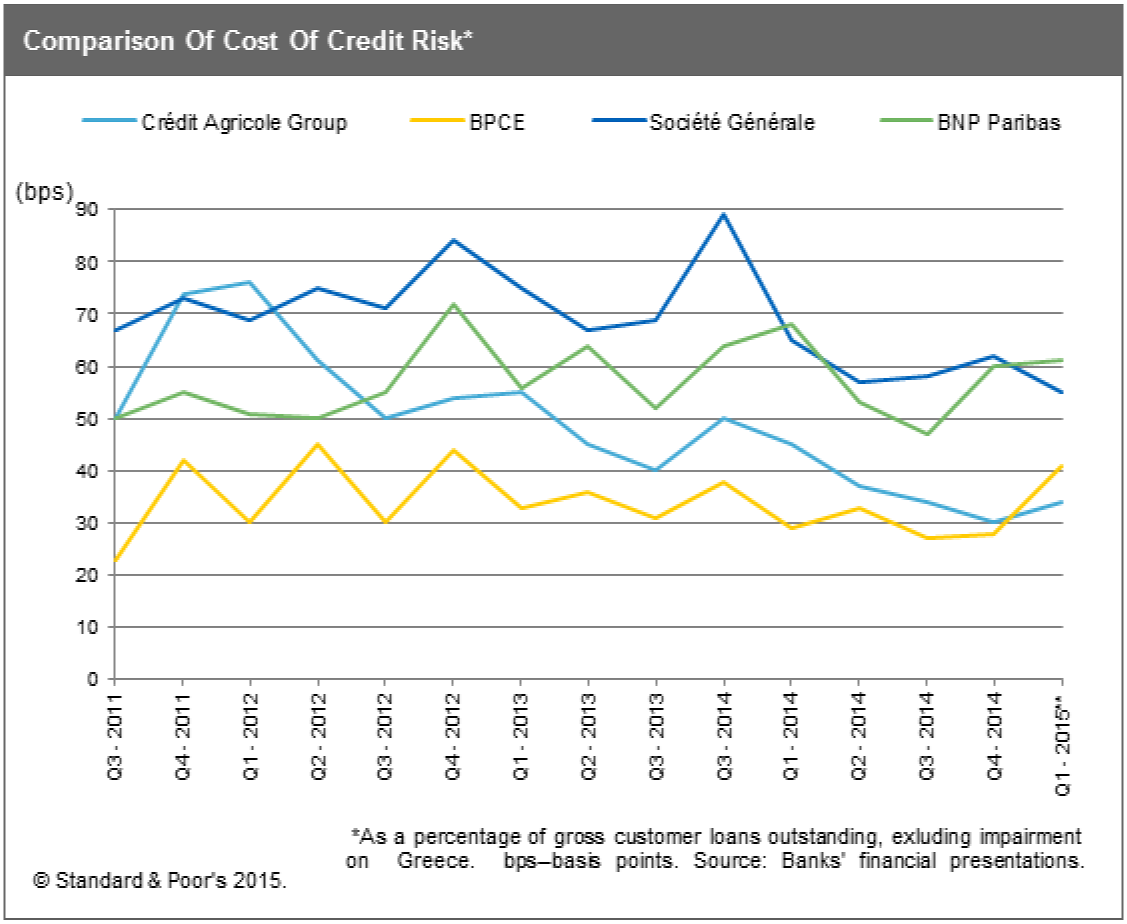
Groupe BPCE's domestic loan book of good quality. We estimate that lower-risk mortgage loans make up about 45% of loans granted by the banking group.

Chart 1



The group is primarily targeting expansion in its traditional areas of expertise, including insurance and asset management--the latter by nature entails limited credit risk. We think that Groupe BPCE has a good track record in credit risk management in its core lending business.

Chart 2



Groupe BPCE's exposures are mostly concentrated in France. In the first half of 2015, the group's new loan loss provisions to gross loans stood at 30 bps (excluding a 3 bps net provision related to its exposure to Austrian bad bank HETA Asset Resolution AG, sold in the second quarter), which is close to the 29 bps average for 2014. While the prospective cost of credit risk could moderately increase to be closer to 35 bps, we believe it will remain in line with the average of its domestic peers'. Exposure to large corporates could, by nature, lead to some volatility in CFF's and Natixis' cost of credit risk. The group's gross nonperforming loans reached a moderate 4% of customer loans on Dec. 31, 2014. Their coverage rate by reserves stood at 54%, which we consider satisfactory, given the group's aggregate risk position and the collateralized nature of the majority of it.

We believe that the group has successfully completed most of its transition toward a reduced risk profile. As planned, the winding-down of its legacy assets portfolio was completed by mid-2014. We expect CFF's nonstrategic portfolio, a legacy of CFF's past strategy, to continue to be managed in run-off mode. We are of the view that, although disparate in nature, underlying credit risks embedded in this portfolio are well provisioned and manageable. We also consider that the group has correctly identified and collectively reserved for the most-at-risk structured loans granted to local authorities by CFF and the Caisses d'Epargne networks.

Most of Groupe BPCE's market and operational risks lie with Natixis and the group's largest regional bank BRED -

Banque Populaire. The consistency of their measurement has improved across the group. Groupe BPCE's average value-at-risk (VAR; 99%, one-day) stood at €7.5 million in 2014. Global stress testing complements the group's VAR. Structural exposure to interest rates lies primarily in BPCE's large retail banking books. Risk appetite is moderate and monitoring tools are adequate, in our view.

Table 4

BPCE Risk Position					
	--Year-ended Dec. 31--				
(%)	**2014**	**2013**	**2012**	**2011**	**2010**
Growth in customer loans	3.1	4.1	2.1	4.5	5.2
Total diversification adjustment / S&P RWA before diversification	(18.3)	(20.6)	(19.4)	(20.0)	(19.2)
Total managed assets/adjusted common equity (x)	25.3	25.5	27.8	31.0	31.4
New loan loss provisions/average customer loans	0.3	0.4	0.4	0.5	0.3
Gross nonperforming assets/customer loans + other real estate owned	4.1	4.2	4.2	3.9	4.0
Loan loss reserves/gross nonperforming assets	53.6	52.7	53.0	55.2	56.2

RWA--Risk-weighted assets.

Table 5

BPCE Standard & Poor's RACF [Risk-Adjusted Capital Framework] Detailed Results					
	EAD	**Basel III RWA**	**Average Basel III RW (%)**	**Standard & Poor's RWA**	**Average Standard & Poor's RW (%)**
Government and central banks	280,500	26,287	9	14,128	5
Institutions	42,435	13,323	31	11,310	27
Corporate	232,487	140,266	60	183,668	79
Retail	352,116	77,439	22	165,525	47
Of which mortgage	225,308	49,373	22	67,915	30
Securitization (1)	24,639	15,773	64	22,493	91
Other assets	14,268	14,263	100	16,052	113
Total credit risk	946,445	287,351	30	413,176	44
Equity in the banking book (2)	12,047	44,077	427	88,059	731
Trading book market risk	--	16,736	--	22,722	--
Total market risk	--	60,813	--	110,780	--
Total insurance risk	--	--	--	65,313	--
Total operational risk	--	35,325	--	48,801	--
RWA before diversification	--	392,758	--	638,070	100
Total Diversification/Concentration Adjustments	--	--	--	(116,510)	(18)
RWA after diversification	--	392,758	--	521,560	82
		Tier 1 capital	**Tier 1 ratio (%)**	**Total adjusted capital**	**Standard & Poor's RAC ratio (%)**
Capital Ratio before adjustments		49,969	12.7	49,769	7.8
Capital Ratio after adjustments (3)		49,969	12.7	49,769	9.5

EAD--Exposure at default. RWA--Risk-weighted assets. (1) Securitisation exposure includes the securitisation tranches deducted from capital in the regulatory framework. (2) Equity exposure includes the minority equity holdings in financial institutions. (3)For Tier 1 ratio, adjustments are additional regulatory requirements (e.g. transitional floor or Pillar 2 add-ons).

Funding and liquidity: Adapting to stricter regulation

We consider Groupe BPCE's funding as "average" and its liquidity position as "adequate." This reflects our view that BPCE has continued consolidating its funding profile in 2014 and in the year-to-date, in line with our expectations. We do not see risks of this positive trend reversing, although we note that our ratios at end-2014 still compared slightly weaker than those of peers.

The group relies on a large and stable deposit base and on confidence-sensitive wholesale funding to support its sizable balance sheet. We believe that Groupe BPCE has been rebalancing its funding profile toward longer-term liabilities and on-balance-sheet savings over the past three years, while reinforcing its liquidity management under stress test scenarios. On Dec. 31, 2014, the group's stable funding ratio was 88.4%, while its broad liquid assets to short-term wholesale funding ratio reached 91%. Based on strong deposit gathering and long-term debt issuance, we expect that the ratios increased in the first half of 2015. These ratios are materially above end-2011 levels of 84% and 0.84x, respectively. We adjust all our funding and liquidity metrics above to exclude the portion of regulated deposits (including "Livret A") centralized at state institution Caisse des Dépots et Consignations. Of note, we consider all refinancing by the European Central Bank (ECB) to be short term, regardless of actual maturity, including the Targeted Longer-Term Refinancing Operations, which constrained our metrics in 2014. We believe that BPCE's access to ECB funding is opportunistic, however.

We expect further moderate improvements in these ratios in the next couple of years. Indeed, the group's main action plan focuses on efforts to continue increasing customer deposits, pursue improvement in its loan-to-deposit ratio, reinforce Natixis' originate-to-distribute model, and continue improving the diversification of its funding tools. We also see stricter regulatory requirements as supportive of this expectation.

Groupe BPCE is the second-largest deposit taker in France. We calculate that its loan-to-deposit ratio was 149% as of year-end 2014, down from 175% at end-2010. Despite the improvement, it still compares unfavorably with large domestic peers. Groupe BPCE's major funding imbalances arise from wholesale-funded subsidiaries Natixis and CFF, and from the centralization of 60%-70% of its regulated savings plan deposits (including Livret A) at French state institution Caisse des Depots et Consignations. This makes these centralized deposits unavailable for funding its assets. We believe Groupe BPCE's ability to repackage mortgage loans into covered bonds, raise funds throughout its large retail banking networks, and its loyal deposit base mitigate its vulnerabilities. We note that France's domestic investor base is also quite large, and is complemented by BPCE's increasing diversification beyond its home market, particularly in the U.S. and Asia.

Group medium- and long-term funding is organized around two funding pools: BPCE and CFF, which funds itself autonomously through Europe's largest private covered bond issuer, CFiF. We believe that, thanks to CFiF and BPCE SFH--Groupe BPCE's second-largest covered bonds issuer--the bank secures the financing of its longer-term assets in a competitive way. This is positive for the group's overall creditworthiness, in our view. The group is paying increasing attention to the amount of assets encumbering its balance sheet. In spite of investor appetite, the group has consequently limited its recourse to covered bonds since 2012. We understand that assets pledged by the group as collateral for funding in the form of covered bonds should decline. We estimate that these assets amounted to about 8% of Groupe BPCE's total asset base at year-end 2014.

Groupe BPCE has steadily reduced its annual funding needs since 2011. Its 2015 medium- and long-term funding plan stood at €25 billion, down €5 billion year-on-year. On June 30, 2015, Groupe BPCE had completed 71% of its annual plan. We view the bank's liquidity management as adequate. Its liquidity analysis centers on stress tests at the group, but also at the level of its major business pools, including CFF. We understand that access to central bank funding in such scenarios would be rather limited, even in extended periods of adverse market conditions. BPCE has traditionally accessed funding from the European Central Bank on an opportunistic basis.

Table 6

BPCE Funding And Liquidity					
	--Year-ended Dec. 31--				
(%)	**2014**	**2013**	**2012**	**2011**	**2010**
Core deposits/funding base	41.9	44.2	39.3	37.5	37.1
Customer loans (net)/customer deposits	148.8	148.3	154.5	169.1	175.1
Long term funding ratio	67.1	70.9	69.5	70.6	66.8
Stable funding ratio	88.4	88.4	88.7	84.8	80.2
Short-term wholesale funding/funding base	34.9	30.8	32.1	30.8	35.1
Broad liquid assets/short-term wholesale funding (x)	0.9	0.9	0.9	0.8	0.7
Net broad liquid assets/short-term customer deposits	(7.2)	(4.9)	(6.1)	(14.2)	(27.2)
Short-term wholesale funding/total wholesale funding	60.0	55.0	52.7	49.1	54.9
Narrow liquid assets/3-month wholesale funding (x)	1.7	1.6	N/A	N/A	1.1

N/A--Not applicable.

External support: "High" systemic importance although the predictability of government support is likely to decrease

The long-term rating on BPCE is one notch higher than the 'a-' SACP, reflecting our assessment that the bank has "high" systemic importance in France. This is primarily due to its very strong position in the French residential mortgages and savings market, and that the French government remains "supportive" of systemic banks. Our negative outlook on the rating indicates that we would remove this notch of uplift for government support if we were to reclassify France's support for private-sector commercial banks to "uncertain" under our criteria. Any decision to reclassify government support would be subject to our review of the final resolution legislation and technical standards, and other relevant information, including the possibly of any potential Additional Loss Absorbing Capacity benefitting senior unsecured bondholders.

Additional rating factors:None

There are no additional rating factors.

Related Criteria And Research

Related Criteria

- Principles For Rating Debt Issues Based On Imputed Promises, Dec. 19, 2014
- Banks: Bank Rating Methodology And Assumptions: Additional Loss-Absorbing Capacity, April 27, 2015
- Banks: Assessing Bank Branch Creditworthiness, Oct. 14, 2013
- Banks: Revised Market Risk Charges For Banks In Our Risk-Adjusted Capital Framework, June 22, 2012

- General Criteria: National And Regional Scale Credit Ratings, Sept. 22, 2014
- General Criteria: Standard & Poor's National And Regional Scale Mapping Tables, Sept. 30, 2014
- Banks: Bank Hybrid Capital And Nondeferrable Subordinated Debt Methodology And Assumptions, Jan. 29, 2015
- General Criteria: Group Rating Methodology, Nov. 19, 2013
- Banks: Quantitative Metrics For Rating Banks Globally: Methodology And Assumptions, July 17, 2013
- Banks: Banks: Rating Methodology And Assumptions, Nov. 9, 2011
- Banks: Bank Capital Methodology And Assumptions, Dec. 6, 2010
- Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, Nov. 9, 2011
- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009
- Banking Industry Country Risk Assessment: France, July 6, 2015

Anchor Matrix

Industry Risk	Economic Risk									
	1	2	**3**	4	5	6	7	8	9	10
1	a	a	a-	bbb+	bbb+	bbb	-	-	-	-
2	a	a-	a-	bbb+	bbb	bbb	bbb-	-	-	-
3	a-	a-	**bbb+**	bbb+	bbb	bbb-	bbb-	bb+	-	-
4	bbb+	bbb+	bbb+	bbb	bbb	bbb-	bb+	bb	bb	-
5	bbb+	bbb	bbb	bbb	bbb-	bbb-	bb+	bb	bb-	b+
6	bbb	bbb	bbb-	bbb-	bbb-	bb+	bb	bb	bb-	b+
7	-	bbb-	bbb-	bb+	bb+	bb	bb	bb-	b+	b+
8	-	-	bb+	bb	bb	bb	bb-	bb-	b+	b
9	-	-	-	bb	bb-	bb-	b+	b+	b+	b
10	-	-	-	-	b+	b+	b+	b	b	b-

Ratings Detail (As Of July 31, 2015)

BPCE	
Counterparty Credit Rating	A/Negative/A-1
Certificate Of Deposit	
Local Currency	A-1
Commercial Paper	
Local Currency	A-1
Junior Subordinated	BB+
Senior Unsecured	A
Subordinated *Greater China Regional Scale*	cnA+
Subordinated	BBB
Counterparty Credit Ratings History	
25-Oct-2012	A/Negative/A-1
23-Jan-2012	A/Stable/A-1
07-Dec-2011	A+/Watch Neg/A-1
Sovereign Rating	
France (Republic of)	AA/Negative/A-1+

Ratings Detail (As Of July 31, 2015) (cont.)	
Related Entities	
Banque Tuniso-Koweitienne	
Issuer Credit Rating	B/Negative/--
Senior Unsecured	B
Subordinated	CCC+
BPCE SFH	
Senior Secured	AAA
Senior Secured	AAA/Stable
BRED - Banque Populaire	
Issuer Credit Rating	A/Negative/A-1
Certificate Of Deposit	A/A-1
Senior Unsecured	A
Subordinated	BBB
Compagnie de Financement Foncier	
Certificate Of Deposit	
Local Currency	A-1+
Senior Secured	A-1+
Senior Secured	AAA
Senior Secured	AAA/Stable
Short-Term Secured Debt	A-1+
Compagnie Europeenne de Garanties et Cautions	
Financial Strength Rating	
Local Currency	A/Negative/--
Issuer Credit Rating	
Local Currency	A/Negative/--
Credit Foncier de France	
Issuer Credit Rating	A-/Developing/A-2
Certificate Of Deposit	
Foreign Currency	A-/A-2
Local Currency	A-/A-2/A-2
Senior Unsecured	A-
Short-Term Debt	A-2
Locindus S.A.	
Issuer Credit Rating	A-/Developing/A-2
Certificate Of Deposit	
Foreign Currency	A-/A-2
Local Currency	A-/A-2/A-2
Senior Unsecured	A-
Natixis Australia Pty Ltd.	
Issuer Credit Rating	A/Negative/A-1
Natixis Financial Products LLC	
Issuer Credit Rating	A/Negative/A-1
Natixis (New York Branch)	
Issuer Credit Rating	A/Negative/A-1

Ratings Detail (As Of July 31, 2015) (cont.)	
Commercial Paper	
Local Currency	A-1
Senior Unsecured	A
Senior Unsecured	A-1
Short-Term Debt	A-1
Subordinated	BBB
Natixis S.A.	
Issuer Credit Rating	A/Negative/A-1
Certificate Of Deposit	
Foreign Currency	A/A-1
Local Currency	A/A-1/A-1
Commercial Paper	
Local Currency	A-1
Junior Subordinated	BB+
Senior Unsecured	A
Short-Term Debt	A-1
Subordinated	BBB
Parnasse Garanties	
Issuer Credit Rating	A/Negative/--
Socram Banque	
Issuer Credit Rating	BBB+/Stable/A-2
Certificate Of Deposit	
Foreign Currency	BBB+/A-2
Local Currency	BBB+/A-2/A-2
Senior Unsecured	BBB+

*Unless otherwise noted, all ratings in this report are global scale ratings. Standard & Poor's credit ratings on the global scale are comparable across countries. Standard & Poor's credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

Additional Contact:
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