Groupe BPCE

Full Rating Report

Ratings

Foreign Currency

Long-Term IDR	A
Short-Term IDR	F1
Viability Rating	a
Support Rating	5
Support Rating Floor	NF

Sovereign Risk

Foreign-Currency Long-Term IDR	AA
Local-Currency Long-Term IDR	AA

Outlooks

Foreign-Currency Long-Term IDR	Stable
Sovereign Foreign-Currency and Local-Currency Long-Term IDRs	Stable

Financial Data

Groupe BPCE

	30 Jun 15	31 Dec 14
Total assets (USDm)	1,308,253.3	1,485,126
Total assets (EURm)	1,169,186	1,223,298
Total equity (EURm)	60,530	59,392
Operating profit (EURm)	2,851	5,532
Published net income (EURm)	1,965	3,366
Cost/income ratio (%)	67.89	69.39
Operating ROAE (%)	9.87	9.39
Fitch core capital/ weighted risks (%)	12.55	12.34
Common equity Tier 1 ratio (%)	12.40	11.90
Total capital ratio (%)	15.90	15.40

Related Research

French Cooperative Banking Groups: Peer Review (October 2015)

2016 Outlook: Major French Banks (December 2015)

Groupe BPCE - Ratings Navigator (June 2015)

Natixis (January 2016)

Credit Foncier de France (January 2016)

Banque Palatine (January 2016)

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Key Rating Drivers

Sound Business Profile, Leading Franchise: Groupe BPCE's (GBPCE) IDRs and Viability Rating (VR) reflect its sound business profile, modest risk retail banking business, conservative risk appetite, and sound capitalisation and asset quality. They also reflect somewhat weaker profitability than some peers.

GBPCE is a cooperative banking group. Its regional banks and central body (BPCE S.A.) are bound by a cross-support mechanism according to the French Financial and Monetary Code. Accordingly, Fitch Ratings has the same IDRs for GBPCE, BPCE S.A. and the regional banks.

Among France's Retail Banking Leaders: GBPCE is the second-largest retail banking group in France, with market shares of 15%-25% depending on product. The group's sizeable asset management franchise is one of its main revenue growth drivers in the current environment of net interest margin (NIM) compression and modest economic growth in France.

Low Risk Appetite: GBPCE focuses on the modest-risk French retail business. Its cooperative ownership shelters it from excessive market return pressure, as only 28% of Natixis' (its main subsidiary) capital is free floating.

Satisfactory Asset Quality: The group's prudent underwriting criteria and focus on French retail banking has kept GBPCE's impaired loan ratio one of the lowest among large French banks. Impaired loan ratios tend to be higher than at international peers as French banks do not write off problem loans before they are fully resolved. The coverage ratio is moderate, but should be viewed in light of the sizeable collateral held by GBPCE in many transactions. Nonetheless, this means GBPCE remains dependent on collateral realisation.

Sound and Increasing Capitalisation: Fitch does not expect capital generation to slow in the near future due to the group's sound earnings generation, historically modest dividend payout ratios, and ability to issue cooperative shares. In addition, GBPCE will increase Tier 2 debt issuance to build its total loss-absorbing capacity (TLAC) buffer, possibly to levels that would avoid reliance on senior debt to comply with final requirements.

Acceptable Profitability: GBPCE's business model has generated recurring and satisfactory profitability, albeit weaker than some similarly rated peers due to the group's focus on the modest-risk/return retail business in France. Created recently, we believe the group has potential for growth in segments where it is below its natural market share, such as insurance or some specialised financial services.

Solid Deposit Franchise: GBPCE has a dominant domestic deposit franchise and has been able to continuously increase deposit volumes to replace short-term wholesale funding. However, Fitch considers the group remains more dependent on wholesale funding than most other large French banks. GBPCE's liquidity remains satisfactory.

Rating Sensitivities

Lower Capital: Negative rating pressure could result from a significant erosion in asset quality or if the bank fails to maintain capitalisation in line with similarly rated peers.

Upside Dependent on Profitability and Capital: An upgrade would be contingent on a material improvement in profitability, strong liquidity management and continued improvement in capital ratios to bring them in line with higher rated peers.

Operating Environment

Operating Environment has Lower Influence on the VR

GBPCE predominantly operates in France (‘AA’/Stable; Macro-Prudential Indicator of MPI 1), a very stable and advanced economy. With most revenue from domestic activities, GBPCE is mainly exposed to economic developments in France, where Fitch forecasts a modest GDP growth rate for 2016 and 2017. We expect unemployment to stabilise, but it remains high compared with similarly rated countries. We believe the greatest effect of France’s modest economic growth on GBPCE is on revenue rather than on asset quality. Private-sector debt is limited (much lower than in Spain, the UK or the US and only slightly higher than in Germany).

Figure 1
Forecasts

(%)	2015e	2016f	2017f
France – real GDP growth	1.1	1.5	1.5
France – unemployment rate	10.5	10.2	9.9

Source: Fitch

Robust Financial Markets and Developed Regulatory Framework

The major French banks are large and accordingly banking sector assets are significant (more than 4x GDP). Moreover, the sector is concentrated, with the top six banks accounting for 90% of deposits, and there are high barriers to entry, as indicated by foreign banks’ failure to enter the market significantly through internal growth.

Since November 2014, the major French banks, including GBPCE, have been subject to supervision by the ECB, which should result in more unified supervision of banks in the eurozone.

Company Profile

GBPCE is France’s third-largest banking group by equity. It was created in 2009 via the merger of Groupe Banque Populaire and Groupe Caisse d’Epargne, two leading French cooperative banking groups. GBPCE is not a legal entity. It is composed of regional retail cooperative banks joined together financially, commercially and legally by a framework of mutual cooperation with a common strategic focus and brand name (see appendix). BPCE S.A. (the central institution) is evenly held by the Banques Populaires (BPs) and the Caisses d’Epargne et de Prevoyance (CEPs).

Figure 2
Pre-Tax Profit by Business Line

Pre-tax profit (EURm)	9M15	2014	2013	Contribution by division in 9M15[a] (%)	ROE (9M15) (%)
Retail banking	3,401	3,787	3,667	61	10
Wholesale banking	818	904	899	15	
Investment solutions	799	824	691	14	12[b]
Specialized financial services	294	370	341	5	
Equity interests	226	176	257	4	
Corporate centre	-728	-782	-966		
Total pre-tax profit	4,811	5,279	4,889		
Total pre-tax profit excluding corp. centre	5,539	6,061	5,855		

[a] Excluding corporate centre

[b] WB, IS and SFS

Source: GBPCE, Fitch

Retail-Oriented Business

GBPCE’s business mix is stable and diverse. Retail banking, in which GBPCE has leading market shares in France, generates about two-thirds of the bank’s pre-tax profit (see Figure 2). Investment Solutions (IS; mainly wealth management and insurance) and Specialised Financial Services (SFS) also provide a good recurring earnings base. GBPCE’s exposure to capital markets activities, through its Wholesale Banking division (WB; corporate and investment banking (CIB)), is modest, which limits the group’s earnings volatility. WB, IS and SFS activities are almost exclusively handled by Natixis, which is 71% owned by BPCE S.A..

Related Criteria

Global Bank Rating Criteria (March 2015)

Retail Banking and Insurance

Commercial banking and insurance (referred to as retail banking in this report) is by far GBPCE's largest activity. It is predominantly conducted through the 18 BPs and 17 CEPs, and to a lesser extent through Credit Foncier de France (CFF; a real estate specialist bank), Banque Palatine (SME lending) and BPCE International.

GBPCE's overall French retail network has a 15%-25% market share (22% for deposits, 23.5% for retail loans; source: Banque de France). The BPs and CEPs are competitors, but have complementary retail networks; the former have a significant franchise in corporates (including SMEs), whereas the latter have historically focused more on individuals. GBPCE has no large retail banking subsidiary abroad, and its international retail banking presence is not material.

One of GBPCE's key strategic objectives is to expand its insurance business, using its retail banking network to provide life and non-life insurance products. In 2014, Natixis became the central unit for the group's insurance business, which should over time lead to more cross-selling within the group. From 2016, Natixis will conduct the entire group's new life insurance business; at present the CEPs only distribute the products of CNP Assurances' (France's leading life insurance company; GBPCE owns 16.1%). Excluding the contribution from CNP Assurances, GBPCE's life insurance business had EUR43.3bn of assets under management (AuM) at end-September 2015.

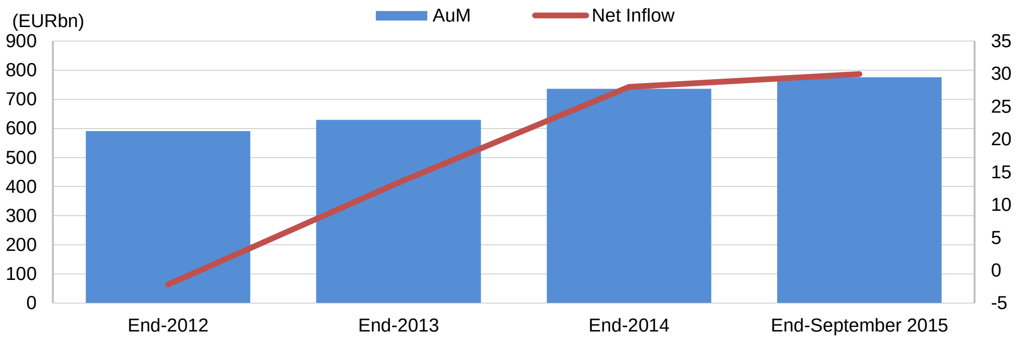
Wholesale Banking

Natixis remains a modest and predominantly European CIB institution, with some leading domestic positions (e.g. number one bookrunner on primary bond issues in euro for French issuers in 9M15; source: Dealogic). Natixis does not intend to try to catch up with bigger CIB institutions, but rather to develop its already less risky, customer-oriented business model and to invest further in specific products where it benefits from recognised know-how.

Investment Solutions

The IS division includes asset management, private banking, insurance and a to a far lower extent private equity. Asset management is the main pillar of the division, and Natixis is one of the 15 largest asset managers worldwide with EUR776bn of AuM at end-September 2015. It is a growing source of revenue for the group as it is leveraging its large US franchise, which had EUR391bn of AuM at end-September 2015 through well-positioned boutiques in selected areas.

Figure 3
Assets Under Management vs. Net Inflows



Source: GBPCE

Specialised Financial Services

SFS mainly includes leasing, factoring, consumer lending, guarantee and payment services, all largely located in France. GBPCE ranked third in consumer finance and real estate leasing and fourth in factoring in France in 2014. In consumer finance, the group focuses on serving its branch network customers only.

The contribution from equity interests is now fairly modest, after GBPCE divested most of its main stakes. It floated close to 59% of the credit insurer Coface in June 2014 and plans to have exited fully from Coface by end-2017. It also reduced its stake in the real estate developer Nexity from 36.5% at end-2014 to 12.8% at end-June 2015.

Management and Strategy

Some Organisational Complexity Inherent in Cooperative Structure

GBPCE is a cooperative group unified financially and legally, but with a decentralised decision-making structure. It is organised on a regional basis around the BPs and CEPs (owned by around 9 million cooperative customers), which themselves fully own BPCE S.A. BPCE S.A. holds the group's subsidiaries (including Natixis, CF and Banque Palatine; see Appendix for group chart)

Sound Corporate Governance; Good Execution Track Record

Fitch views GBPCE's cooperative status on balance as a positive rating driver. Indeed, its ownership structure removes it from excessive market return pressure and contributes to a risk-averse strategy. As in every French cooperative banking group, senior management and decision-making powers are centralised. BPCE S.A.'s management board is composed of five members, four of them being long-serving members, including Natixis' CEO. In November 2015, the chairman was confirmed for another four-year mandate. BPCE and Natixis' top management has been in place since 2009 and has been successful in reshaping the group since the 2008 crisis. GBPCE has significantly de-risked its business model, with a far lower contribution from market activities.

The management board is nominated and supervised by a board of 19 members (including two employee representatives). Seven of the members are nominated by the BPs, seven by the CEPs, and three are independent.

Strategy: Developing Synergies from Core Franchises

After strengthening its balance sheet under its previous strategic plan, GBPCE intends to expand in selected areas, particularly where it is lagging behind its natural market share in retail banking. Its main area of development is insurance, where the group has a modest but increasing market share in France. GBPCE also intends to develop asset management and SFS. Although organic growth is favoured, we believe the group has leeway to seize external growth opportunities, notably in asset management, as shown with the acquisition of DNCA in 2Q15 (EUR17bn of AuM at end-June 2015).

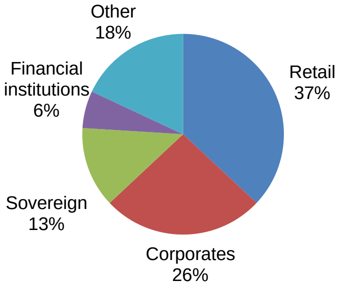
Risk Appetite

GBPCE has learnt from past mistakes and has reduced its overall risk appetite significantly since 2008. Fitch regards the group's risk appetite and risk profile as among the lowest of the large French banks at present, with limited appetite for riskier asset classes such as leveraged buy-out or shipping financing.

Mainly Exposed to Credit Risk

Credit is GBPCE's main risk (see Figure 4). Credit risk is concentrated in France with around three-quarters of exposure to French counterparties. GBPCE's risk management framework is sound, underpinned by conservative underwriting criteria in the French retail banking market based on household debt service ability. In addition, housing loans, which account for the bulk of retail lending, are largely secured by mortgages or guarantees, are at fixed-rates (interest rates are capped when floating) and amortising. Most of the lending business outside France is conducted by Natixis through its corporate banking arm, and is to large SMEs and corporates. Exposure to the public and private sectors in peripheral eurozone countries is limited.

Figure 4
Credit Risk Exposure
At end-September 2015
EUR1.4tln



Source: GBPCE

Modest Market Risk Appetite

Market risk mainly arises from Natixis' capital market activities, where the group has significantly reduced its appetite. The activity is almost exclusively client driven. Natixis did not have to establish a separate entity to conduct certain market activities (largely proprietary trading; as required by the French regulator from 1 July 2015), unlike BNP Paribas and Société Générale. The group's reduced market risk is also supported by the low absolute contribution to group earnings (less than 10%). GBPCE's average value-at-risk (VaR; 99% confidence level; one-day holding period; one-year look-back period) was a low EUR9.3m and the maximum was EUR13.1m in 1H15. VaR is complemented by stress testing and scenario analyses to try to evaluate the effect of more extreme events on its trading portfolios.

Non-trading market risk mainly arises from the bank's interest-rate in the banking book, and to a lesser extent equity investment, credit spread and foreign currency risk. As for other French banks, fixed-rate housing loans and sight deposits are the main sources of interest-rate risk for GBPCE, for which the bank uses macro hedges. The main challenge to hedge these arise from volatility in deposits and housing loan prepayment rate; both risks have been well-managed to date, but medium-term prospects, where interest rates should rise after an unprecedentedly long period at very low levels, remain untested. GBPCE maintains conservative interest rate sensitivity limits, and the least favourable scenario for GBPCE would be a flattening of the yield curve: even so, if short-term interest rates were to increase by 50bp and long-term interest rates were to decrease by 50bp, the effect on GBPCE's NIM would be limited.

Equity holdings in GBPCE's banking book are limited, and overall volatility of the available-for-sale reserves, whose changes are reflected in our Fitch Core Capital (FCC), has been limited.

Moderate Litigation Risk

While GBPCE is not immune to the wave of global litigation proceedings against various banks, we believe that litigation risk remains moderate for the group. This is due to its overall modest risk appetite, strong focus on domestic operations, and low presence in more exposed activities that are under scrutiny. GBPCE has to date not been involved in any major case. GBPCE's contingent liabilities in its 2015 disclosure did not include any reference to any review of US dollar payments involving parties subject to US sanctions, nor to pending cases regarding the LIBOR-, EURIBOR- and Forex-index fixing. The group's total litigations reserves, almost stable yoy, were EUR0.9bn at end-2014.

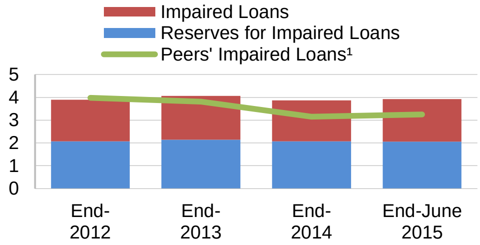
Financial Profile

Asset Quality

Good Track Record in Maintaining Low Credit-Related Losses

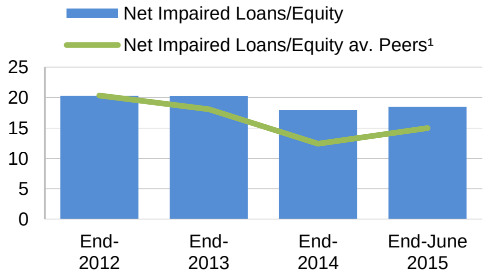
GBPCE's focus on modest-risk businesses and prudent underwriting criteria has resulted in satisfactory asset quality. GBPCE's impaired loan ratio remains one of the lowest among large French Banks, at 3.9% at end-June 2015 (stable compared with end-2014). Compared with international peers, French banks report higher levels of problem loans, partly reflecting their policy not to write off impaired loans before they are fully resolved, which contrasts with some jurisdictions with a swifter write-off policy. Forborne loans amounted to EUR8.3bn at end-June 2015, EUR5.6bn of which were classified as impaired. GBPCE's reserve coverage is moderate – 52% of impaired loans at end-June 2015 – but should be viewed in light of mortgage guarantees and sizeable collateral. However, while the unreserved portion of impaired loans remained acceptable (19% of the group's equity base at end-June 2015), this makes the group's reliant on collateral valuation and realisation.

Figure 5
Impaired Loans
(% gross loans)



¹ Peers include Credit Agricole (VR: 'a'), CM11-CIC (a+), Rabobank (a+), Lloyd's Banking Group (a), Swedbank (a+), and Groupe BPCE
Source: Banks, adjusted by Fitch

Figure 6
Net Impaired Loans/Equity
(%)



¹ Peers: see Figure 5
Source: Banks, adjusted by Fitch

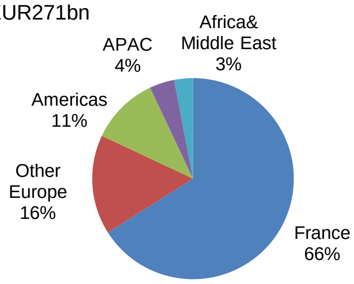
Retail – Mainly Low-Risk Housing Loans

GBPCE's retail exposure includes loans to private individuals (30% of total credit risk exposure at end-September 2015) and to professionals (7%). About 58% of the retail portfolio relates to housing loans (EUR227bn). Fitch does not consider there to be a strong risk associated with this large residential real estate exposure. This is supported by housing lending in France being primarily based on debt capacity repayment, and underwriting standards have proved conservative. A deterioration in this housing loan portfolio would probably reflect an increase in France's unemployment figures, which are unlikely to rise sharply, in our view. Fitch expects house prices to hold up fairly well in the foreseeable future due to prevailing low supply to demand.

Consumer loans to individuals represented a modest 5% of GBPCE's customer loan book at end-June 2015. Although there is accrued credit risk for these loans in a weak economic environment, GBPCE, unlike most of the large French banks, does not offer point-of-sale facilities, which traditionally bear a higher risk. The impaired loan ratio has remained acceptable, and higher risk is offset by typically significant margins.

Fitch considers the loan book to professionals/self-employed to be more at risk due to these borrowers' higher vulnerability to economic shocks, although there has been no surge in impairments so far.

Figure 7
Corporates Exposure by Geography
At end-September 2015
EUR271bn



Source: GBPCE

Corporate – Manageable Risk Pockets

Corporate banking (including SMEs – see Figure 4) is mainly conducted in France (see Figure 7), with most of the rest split between other European countries and the US. There is no significant sector concentration except in real estate, but this is in line with exposures at other large French banks. There is higher risk in the SME loan portfolio (net exposure of EUR89.6bn at end-June 2015), which Fitch considers more vulnerable by nature. However, this asset class has proved fairly resilient in recent years, as SMEs have strengthened their balance sheets. We expect any deterioration to remain manageable.

GBPCE is exposed to commercial real estate, although most of it is in France, where property prices and vacancy rates have not materially deteriorated due to prudent deleveraging by market participants (including real estate developers). GBPCE has only a very small exposure to commercial real estate in peripheral eurozone countries.

The exposure to higher-risk leveraged buy-out is manageable, largely to France and very granular. Exposure to US leverage finance is minimal. GBPCE's oil and gas loan book is larger (EUR12.4bn at end-September 2015). Continuing low oil prices could trigger a rise in problem loans, although GBPCE's exposure is predominantly to large and integrated oil companies, which are less likely to suffer rapidly from low prices. Exposure to Russia is modest and largely relates to oil and gas financing.

Figure 8

Credit Exposure to Sovereigns, Banks and State-Owned Entities

At end-Sept 15	Exposure (%)
Central banks and other sovereign	13
Public sector	9
Central administrations	4
Banks	6

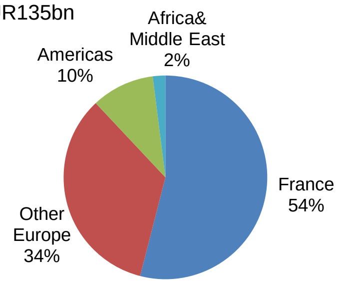
Source: GBPCE

Figure 9

Sovereign Exposure by Geography

At end-September 2015

EUR135bn



Source: GBPCE

GBPCE's single debtor concentration compares adequately with peers. Top 10 exposures are largely to well-established French corporates, on which Fitch does not have specific concerns.

Sovereigns, Banks and State-Owned Entities – 32% of Credit Risk Exposure

GBPCE's overall exposure to sovereigns – including all types of public entities – and banks is to high-quality counterparties, with 96% to entities rated at least 'A+' and 69% to entities rated at least 'A-', respectively, at end-2014. The sovereign exposure is mainly to France (see Figure 9), and includes cash with central banks and funds from regulated savings at Caisse des Dépôts et Consignations (rated 'AA').

GBPCE's derivatives exposure has remained constantly below 10% of the group's total assets. At end-2014, positive replacement values amounted to EUR83bn, and largely related to interest rate (EUR39bn) and foreign exchange (EUR15bn) trading contracts, in addition to EUR16bn hedging derivatives. GBPCE's net credit exposure (net of same-counterparty netting of EUR42bn and EUR11bn collateral held) stood at EUR30bn.

Earnings and Profitability

Acceptable Overall Profitability

GBPCE's business model has been stable, and its strong retail franchise has generated satisfactory profitability. GBPCE has posted an operating profit on average equity of about 9%-10% over the past four years. This is moderate compared with similarly rated peers, but reflects a modest risk appetite and modest earnings volatility through the economic cycle. We view profitability targets - EUR4bn in net income and a 65% cost-income ratio in 2017 (EUR2.6bn and 67%, respectively, in 9M15 - Fitch calculations) - as achievable provided there is no severe economic shock in France. Unlike some peers, profitability has not been hit by litigation.

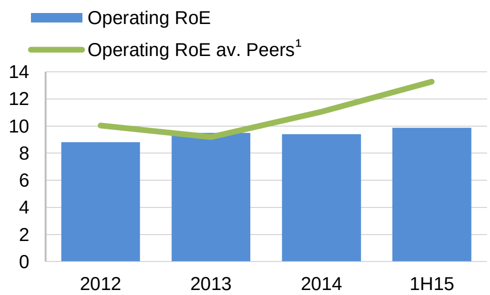
Although the gap is reducing, GBPCE's profitability ratios are still slightly weaker than those of its French cooperative banking group peers, as it was created more recently. Cross-selling and cost synergy opportunities have therefore been more limited. Consequently, we believe the group has more potential for growth in some specific areas.

GBPCE's loan impairment charges remain acceptable and lower than for other French peers as a percentage of average gross loans (29bp in 9M15). We consider the group's 30bp-35bp objective throughout 2014-2017 to be realistic as we do not expect a material deterioration in the economic environment.

Figure 10

Profitability

(%)



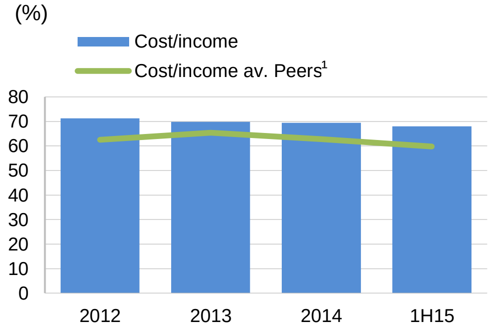
[1] Peers: see Figure 5

Source: Banks, adjusted by Fitch

Figure 11

Cost Efficiency

(%)



[1] Peers: see Figure 5

Source: Banks, adjusted by Fitch

Driven by Retail Banking

Group operating profit is driven by domestic retail activities (see Figure 2), a trend we expect to continue. French banks, like many European peers, are finding it hard to boost domestic retail banking revenues due to weak credit demand and low interest rates. Although GBPCE is not immune to the downward pressure on its NIM, its loan book growth has been more resilient than for most peers over the last two years. This was partly due to GBPCE catching up in businesses

where its market share is below its natural range. GBPCE's retail loan book grew 3% yoy in 2014 and 3.9% in 9M15. Similar to all French banks, low interest rates drove strong demand for housing loans (including for rate renegotiations) in 2H14 and 1H15. This has boosted loan renegotiation and early redemption fees, a trend we expect to gradually decrease in 2016. GBPCE's revenue in retail banking business grew 3.4% yoy in 9M15 to EUR11.7bn.
We believe longer term prospects for French banks' NIMs are bleaker as many assets are now repricing downwards. Banks have limited flexibility to reduce remuneration rates on deposits. This is because interest rates paid on widely held Livret A savings deposits are still higher than market rates. Livret A rates, which act as a benchmark for rates on other savings products and deposits, were cut in August 2015 to an annual 0.75% from 1%. GBPCE's large market share in savings deposits means it is more affected than some of its peers when rates on regulated savings deposits fluctuate.

WB is a moderate contributor to GBPCE's profitability (15% of overall pre-tax profit excluding corporate centre in 9M15). Revenue is split relatively evenly between capital-market activities, whose performance will remain fairly volatile by nature, and financing activities (including structured finance). Like most peers, GBPCE saw a sharp rise in the equity trading and sales business in 9M15 (revenue up 22% yoy). GBPCE has a fixed-income bias (traditionally about two-thirds of capital market revenue), which means it is more exposed to material changes in the global fixed-income fee pool. Fitch considers that GBPCE's good cost control in WB (59% cost-income ratio in 9M15) helps the bank avoid taking unnecessary risks to cover costs.

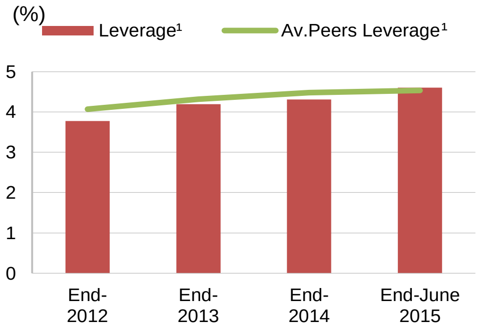
The IS division benefited from good net new money inflows (EUR30bn in 9M15; EUR28bn in 2014), mainly from its large and well-positioned franchise in the US; this led to the division's pre-tax profit rising by 34% in 9M15 yoy. The contribution from the SFS division is fairly modest but rising, in line with the group's strategy.

Capitalisation and Leverage

GBPCE's capitalisation is sound. Fitch does not expect this to change due to GBPCE's relatively stable earnings generation and historically modest dividend payout ratio (25% on average over the last three years, according to Fitch's calculations). GBPCE also offers remuneration for its cooperative shares (placed with retail customers), but this is by nature low because it is linked to long-term interest rates and capped by law. Capital generation is also underpinned by the issuance of cooperative shares (twice a year), which despite modest remuneration have strong demand, partly for fiscal reasons. GBPCE issued EUR1.7bn of cooperative shares in 2014 (equivalent to a 42bp rise in the bank's common equity Tier 1 (CET1) ratio).

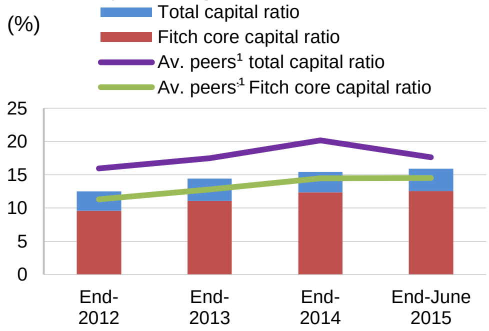
GBPCE's fully-loaded risk-weighted CET1 ratio was 12.4% at end-September 2015. Its CET1 ratio benefits from the treatment of its insurance subsidiaries under the "Danish compromise", but Fitch estimates this benefit to be modest (around 0.3%). Its fully loaded Basel III leverage was also satisfactory, at 4.7% based on Tier 1 capital according to our calculations.

Figure 12
Leverage



¹ Tangible common equity/tangible assets
Source: Banks, adjusted by Fitch

Figure 13
Risk-Weighted Capital Ratios



¹ Peers: see Figure 5
Source: Banks, adjusted by Fitch

GBPCE has revised its total capital ratio target to 18% by early 2019 (fully loaded ratio after restating deferred tax assets on tax loss carry-forward was 16.1% at end-September 2015). This reflects GBPCE's objective to build its TLAC buffer through higher volumes of Tier 2 debt, possibly to levels that would avoid reliance on senior debt to comply with final requirements. Assuming a TLAC requirement of 19.5% from end-2019 (16% plus 2.5% capital conservation buffer and 1% Global Systemically Important Banks (G-SIB) buffer), we estimate the buffer (which includes EUR6bn of hybrids and subordinated debt that are ineligible as regulatory capital according to Fitch's estimation) has a shortfall of EUR7bn based on end-June 2015 weighted risks. At end-September 2015, the regulatory capital buffer was composed of EUR50bn CET1 capital, EUR2bn legacy Tier 1 instruments and EUR12bn Tier 2.

Funding and Liquidity

Large Deposit Base

GBPCE benefits from the strong funding franchise of the BPs and CEPs; around half of total funding (excluding derivatives) consists of deposits. However, the group's 131% loans/deposits ratio at end-June 2015 (Fitch calculations) remained higher than most French peers', despite successful measures to lower it. This is due to GBPCE's two largest subsidiaries (Natixis and CFF) being almost exclusively wholesale funded, and further major reduction in this ratio appears unlikely.

In addition to customer deposits, GBPCE accesses the interbank market (6% of end-June 2015 total funding excluding derivatives), and issues short-term and long-term paper (around 30%). Part of its senior debt issues are placed with customers in regional banks (around 10% of total long-term debt), and has proved stable. Short-term wholesale funding continued to decline in 2015, to EUR91bn as per the group's cash balance sheet at end-September 2015, or 8% of its total balance sheet. GBPCE's use of repurchase agreements should be seen in light of its market-making business.

Prudent Liquidity Management

Liquidity has never been an issue for GBPCE, even in 2008-2009 and 2H11. GBPCE maintains a large liquid asset portfolio, which totalled EUR171bn after haircut at end-September 2015. This would allow the group to withstand a prolonged inability to roll over debt because the portfolio represented 152% of short-term wholesale funding at the same date. Of this portfolio, EUR50bn was cash placed at central banks, EUR49bn were private receivables and EUR28bn were GBPCE's retained securities. Fitch considers that some international peers have a higher buffer of high-quality liquid assets and cash than GBPCE. The bank has complied with its target 100% liquidity coverage ratio since 1H14.

Support

Similar to peers, GBPCE's Support Rating of '5' and Support Rating Floor of 'No Floor' reflect Fitch's view that senior creditors can no longer rely on receiving full extraordinary support from the French sovereign if the group becomes non-viable. In Fitch's view, the EU's Bank Recovery (BRRD) and the Single Resolution Mechanism now provide an effective resolution framework that is likely to require senior creditors to participate in losses, if necessary, instead of or ahead of a bank receiving sovereign support.

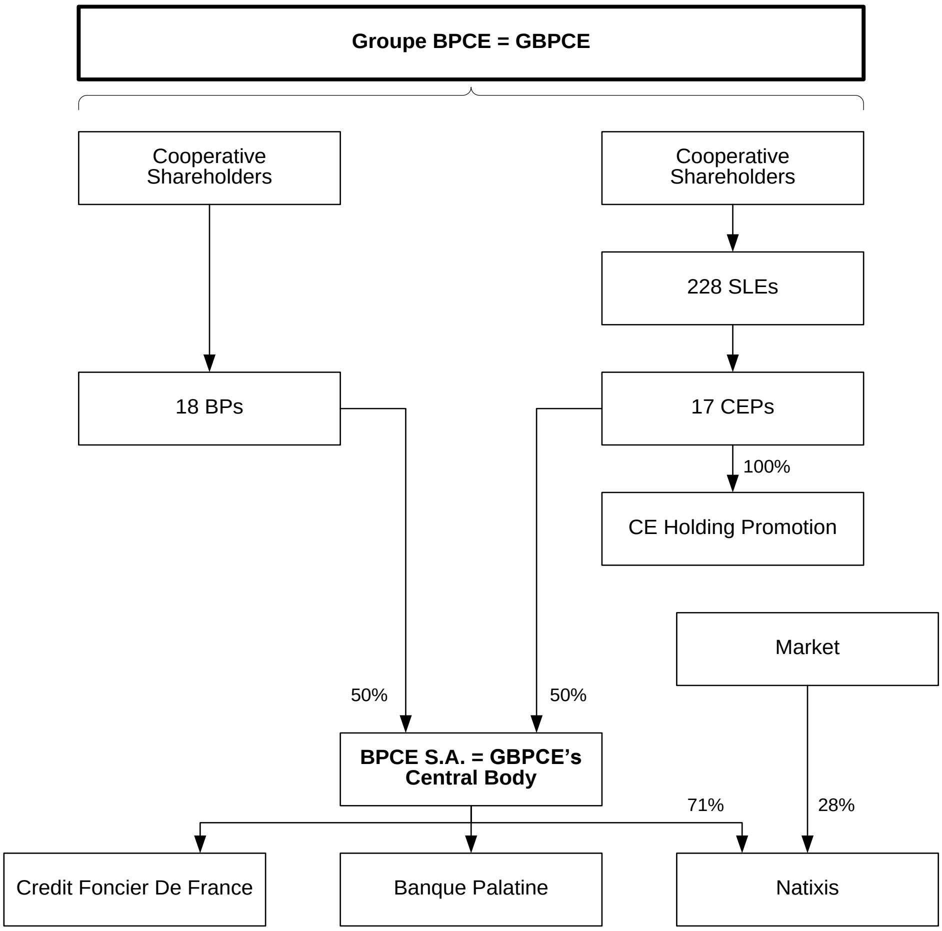
In the EU, BRRD was introduced in member states on 1 January 2015, including minimum loss absorption requirements before resolution financing or alternative financing (e.g., government stabilisation funds) can be used. Full application of BRRD, including the bail-in tool, is required from 1 January 2016. BRRD became part of French law in August 2015.

Appendix – Group Structure

In accordance with French Financial and Monetary Code, GBPCE has established a financial solidarity mechanism to ensure the liquidity and solvency of the group entities. Indeed, BPCE S.A. is responsible for ensuring that group entities meet liquidity and solvency requirements at any time. The central body has access to the resources of all group entities that are part of the cross-support mechanism to do this. Fitch has assigned group ratings to GBPCE, and accordingly has the same IDRs for GBPCE, BPCE S.A., the regional banks and the group's subsidiaries that are part of the cross-support mechanism (including Natixis, CF F and Banque Palatine).

Figure 14

Group BPCE Structure



BPs: Banques Populaires
CEPs: Caisses d'Epargne et de Prévoyance
SLEs: Sociétés Locales d' Epargne
Source: Groupe BPCE's results presentation

Groupe BPCE
Income Statement

	30 Jun 2015			31 Dec 2014		31 Dec 2013		31 Dec 2012	
	6 Months - Interim USDm Unaudited	Months - Interim EURm Unaudited	As % of Earning Assets	Year End EURm Unqualified	As % of Earning Assets	Year End EURm Unqualified	As % of Earning Assets	Year End EURm Unqualified	As % of Earning Assets
1. Interest Income on Loans	10,764.2	9,620.0	1.87	19,978.0	1.86	20,206.0	2.02	20,807.0	2.03
2. Other Interest Income	5,276.9	4,716.0	0.92	9,665.0	0.90	7,754.0	0.78	9,888.0	0.96
3. Dividend Income	185.7	166.0	0.03	296.0	0.03	284.0	0.03	356.0	0.03
4. Gross Interest and Dividend Income	**16,226.9**	**14,502.0**	**2.82**	**29,939.0**	**2.79**	**28,244.0**	**2.82**	**31,051.0**	**3.03**
5. Interest Expense on Customer Deposits	3,275.1	2,927.0	0.57	6,024.0	0.56	6,389.0	0.64	7,309.0	0.71
6. Other Interest Expense	6,616.3	5,913.0	1.15	12,077.0	1.12	10,027.0	1.00	12,391.0	1.21
7. Total Interest Expense	**9,891.5**	**8,840.0**	**1.72**	**18,101.0**	**1.68**	**16,416.0**	**1.64**	**19,700.0**	**1.92**
8. Net Interest Income	**6,335.5**	**5,662.0**	**1.10**	**11,838.0**	**1.10**	**11,828.0**	**1.18**	**11,351.0**	**1.11**
9. Net Gains (Losses) on Trading and Derivatives	681.4	609.0	0.12	1,002.0	0.09	1,652.0	0.17	2,024.0	0.20
10. Net Gains (Losses) on Other Securities	360.3	322.0	0.06	375.0	0.03	205.0	0.02	(457.0)	(0.04)
11. Net Gains (Losses) on Assets at FV through Income Statement	1,099.9	983.0	0.19	839.0	0.08	341.0	0.03	704.0	0.07
12. Net Insurance Income	(70.5)	(63.0)	(0.01)	55.0	0.01	(171.0)	(0.02)	(472.0)	(0.05)
13. Net Fees and Commissions	5,053.1	4,516.0	0.88	8,121.0	0.76	7,719.0	0.77	7,313.0	0.71
14. Other Operating Income	113.0	101.0	0.02	1,303.0	0.12	1,510.0	0.15	1,890.0	0.18
15. Total Non-Interest Operating Income	**7,237.3**	**6,468.0**	**1.26**	**11,695.0**	**1.09**	**11,256.0**	**1.13**	**11,002.0**	**1.07**
16. Personnel Expenses	5,533.2	4,945.0	0.96	10,007.0	0.93	9,862.0	0.99	9,643.0	0.94
17. Other Operating Expenses	3,693.6	3,301.0	0.64	6,323.0	0.59	6,273.0	0.63	6,292.0	0.61
18. Total Non-Interest Expenses	**9,226.8**	**8,246.0**	**1.61**	**16,330.0**	**1.52**	**16,135.0**	**1.61**	**15,935.0**	**1.55**
19. Equity-accounted Profit/ Loss - Operating	166.7	149.0	0.03	105.0	0.01	220.0	0.02	186.0	0.02
20. Pre-Impairment Operating Profit	**4,512.7**	**4,033.0**	**0.79**	**7,308.0**	**0.68**	**7,169.0**	**0.72**	**6,604.0**	**0.64**
21. Loan Impairment Charge	1,021.6	913.0	0.18	1,680.0	0.16	1,797.0	0.18	1,614.0	0.16
22. Securities and Other Credit Impairment Charges	134.3	120.0	0.02	96.0	0.01	245.0	0.02	585.0	0.06
23. Operating Profit	**3,356.8**	**3,000.0**	**0.58**	**5,532.0**	**0.51**	**5,127.0**	**0.51**	**4,405.0**	**0.43**
24. Equity-accounted Profit/ Loss - Non-operating	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
25. Non-recurring Income	91.8	82.0	0.02	75.0	0.01	36.0	0.00	3.0	0.00
26. Non-recurring Expense	5.6	5.0	0.00	52.0	0.00	16.0	0.00	258.0	0.03
27. Change in Fair Value of Own Debt	133.2	119.0	0.02	(276.0)	(0.03)	(258.0)	(0.03)	(407.0)	(0.04)
28. Other Non-operating Income and Expenses	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
29. Pre-tax Profit	**3,576.1**	**3,196.0**	**0.62**	**5,279.0**	**0.49**	**4,889.0**	**0.49**	**3,743.0**	**0.36**
30. Tax expense	1,377.4	1,231.0	0.24	1,913.0	0.18	1,899.0	0.19	1,366.0	0.13
31. Profit/Loss from Discontinued Operations	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
32. Net Income	**2,198.7**	**1,965.0**	**0.38**	**3,366.0**	**0.31**	**2,990.0**	**0.30**	**2,377.0**	**0.23**
33. Change in Value of AFS Investments	(94.0)	(84.0)	(0.02)	826.0	0.08	793.0	0.08	2,026.0	0.20
34. Revaluation of Fixed Assets	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
35. Currency Translation Differences	438.6	392.0	0.08	618.0	0.06	(311.0)	(0.03)	(103.0)	(0.01)
36. Remaining OCI Gains/(losses)	183.5	164.0	0.03	(597.0)	(0.06)	286.0	0.03	(566.0)	(0.06)
37. Fitch Comprehensive Income	**2,726.9**	**2,437.0**	**0.47**	**4,213.0**	**0.39**	**3,758.0**	**0.38**	**3,734.0**	**0.36**
38. Memo: Profit Allocation to Non-controlling Interests	320.0	286.0	0.06	459.0	0.04	321.0	0.03	230.0	0.02
39. Memo: Net Income after Allocation to Non-controlling Interests	1,878.7	1,679.0	0.33	2,907.0	0.27	2,669.0	0.27	2,147.0	0.21
40. Memo: Common Dividends Relating to the Period	0.0	0.0	0.00	757.0	0.07	430.0	0.04	481.0	0.05
41. Memo: Preferred Dividends Related to the Period	0.0	0.0	0.00	0.0	0.00	219.0	0.02	224.0	0.02

Groupe BPCE
Balance Sheet

	30 Jun 2015 6 Months - Interim USDm	nths - Interim EURm	As % of Assets	31 Dec 2014 Year End EURm	As % of Assets	31 Dec 2013 Year End EURm	As % of Assets	31 Dec 2012 Year End EURm	As % of Assets
Assets									
A. Loans									
1. Residential Mortgage Loans	319,235.8	285,301.0	24.40	281,124.0	22.98	272,464.0	24.25	255,602.0	22.27
2. Other Mortgage Loans	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
3. Other Consumer/ Retail Loans	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
4. Corporate & Commercial Loans	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
5. Other Loans	350,613.2	313,343.0	26.80	311,613.0	25.47	301,856.0	26.87	307,238.0	26.77
6. Less: Reserves for Impaired Loans	13,814.5	12,346.0	1.06	12,289.0	1.00	12,285.0	1.09	11,623.0	1.01
7. Net Loans	**656,034.5**	**586,298.0**	**50.15**	**580,448.0**	**47.45**	**562,035.0**	**50.02**	**551,217.0**	**48.04**
8. Gross Loans	**669,848.9**	**598,644.0**	**51.20**	**592,737.0**	**48.45**	**574,320.0**	**51.12**	**562,840.0**	**49.05**
9. Memo: Impaired Loans included above	26,348.9	23,548.0	2.01	22,919.0	1.87	23,330.0	2.08	21,921.0	1.91
10. Memo: Loans at Fair Value included above	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
B. Other Earning Assets									
1. Loans and Advances to Banks	99,644.2	89,052.0	7.62	91,563.0	7.48	99,835.0	8.89	109,626.0	9.55
2. Reverse Repos and Cash Collateral	97,090.7	86,770.0	7.42	106,399.0	8.70	86,498.0	7.70	101,206.0	8.82
3. Trading Securities and at FV through Income	89,568.1	80,047.0	6.85	98,882.0	8.08	88,729.0	7.90	92,715.0	8.08
4. Derivatives	91,612.4	81,874.0	7.00	92,737.0	7.58	67,135.0	5.98	72,522.0	6.32
5. Available for Sale Securities	105,616.0	94,389.0	8.07	86,984.0	7.11	79,374.0	7.06	83,409.0	7.27
6. Held to Maturity Securities	12,440.4	11,118.0	0.95	11,195.0	0.92	11,567.0	1.03	11,042.0	0.96
7. Equity Investments in Associates	3,984.6	3,561.0	0.30	4,091.0	0.33	2,629.0	0.23	2,442.0	0.21
8. Other Securities	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
9. Total Securities	**400,312.2**	**357,759.0**	**30.60**	**400,288.0**	**32.72**	**335,932.0**	**29.90**	**363,336.0**	**31.66**
10. Memo: Government Securities included Above	71,652.7	64,036.0	5.48	77,833.0	6.36	68,679.0	6.11	59,048.0	5.15
11. Memo: Total Securities Pledged	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
12. Investments in Property	2,318.5	2,072.0	0.18	1,998.0	0.16	2,022.0	0.18	1,829.0	0.16
13. Insurance Assets	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
14. Other Earning Assets	192.5	172.0	0.01	209.0	0.02	0.0	0.00	0.0	0.00
15. Total Earning Assets	**1,158,501.7**	**1,035,353.0**	**88.55**	**1,074,506.0**	**87.84**	**999,824.0**	**88.99**	**1,026,008.0**	**89.41**
C. Non-Earning Assets									
1. Cash and Due From Banks	71,644.8	64,029.0	5.48	79,028.0	6.46	60,410.0	5.38	53,792.0	4.69
2. Memo: Mandatory Reserves included above	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
3. Foreclosed Real Estate	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
4. Fixed Assets	5,354.1	4,785.0	0.41	4,737.0	0.39	4,539.0	0.40	4,783.0	0.42
5. Goodwill	4,817.1	4,305.0	0.37	3,605.0	0.29	4,168.0	0.37	4,249.0	0.37
6. Other Intangibles	1,229.7	1,099.0	0.09	1,112.0	0.09	1,282.0	0.11	1,358.0	0.12
7. Current Tax Assets	330.1	295.0	0.03	629.0	0.05	873.0	0.08	957.0	0.08
8. Deferred Tax Assets	5,778.2	5,164.0	0.44	5,828.0	0.48	5,749.0	0.51	5,229.0	0.46
9. Discontinued Operations	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
10. Other Assets	60,597.5	54,156.0	4.63	53,853.0	4.40	46,675.0	4.15	51,145.0	4.46
11. Total Assets	**1,308,253.3**	**1,169,186.0**	**100.00**	**1,223,298.0**	**100.00**	**1,123,520.0**	**100.00**	**1,147,521.0**	**100.00**
Liabilities and Equity									
D. Interest-Bearing Liabilities									
1. Customer Deposits - Current	167,973.6	150,118.0	12.84	144,180.0	11.79	134,830.0	12.00	114,896.0	10.01
2. Customer Deposits - Savings	267,919.9	239,440.0	20.48	235,261.0	19.23	235,076.0	20.92	230,832.0	20.12
3. Customer Deposits - Term	75,977.4	67,901.0	5.81	66,686.0	5.45	74,667.0	6.65	67,433.0	5.88
4. Total Customer Deposits	**511,870.9**	**457,459.0**	**39.13**	**446,127.0**	**36.47**	**444,573.0**	**39.57**	**413,161.0**	**36.00**
5. Deposits from Banks	61,036.1	54,548.0	4.67	64,624.0	5.28	63,976.0	5.69	83,992.0	7.32
6. Repos and Cash Collateral	109,739.3	98,074.0	8.39	123,697.0	10.11	102,327.0	9.11	164,144.0	14.30
7. Commercial Paper and Short-term Borrowings	19,882.5	17,769.0	1.52	122,754.0	10.03	97,204.0	8.65	102,099.0	8.90
8. Total Money Market and Short-term Funding	**702,528.8**	**627,850.0**	**53.70**	**757,202.0**	**61.90**	**708,080.0**	**63.02**	**763,396.0**	**66.53**
9. Senior Unsecured Debt (original maturity > 1 year)	268,799.4	240,226.0	20.55	144,315.0	11.80	132,533.0	11.80	145,463.0	12.68
10. Subordinated Borrowing	19,656.5	17,567.0	1.50	15,606.0	1.28	10,375.0	0.92	9,875.0	0.86
11. Covered Bonds	n.a.	n.a.	-	0.0	0.00	0.0	0.00	0.0	0.00
12. Other Long-term Funding	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
13. Total LT Funding (original maturity > 1 year)	**288,455.9**	**257,793.0**	**22.05**	**159,921.0**	**13.07**	**142,908.0**	**12.72**	**155,338.0**	**13.54**
14. Derivatives	89,878.0	80,324.0	6.87	88,700.0	7.25	64,646.0	5.75	69,600.0	6.07
15. Trading Liabilities	25,292.6	22,604.0	1.93	41,000.0	3.35	43,653.0	3.89	1,863.0	0.16
16. Total Funding	**1,106,155.3**	**988,571.0**	**84.55**	**1,046,823.0**	**85.57**	**959,287.0**	**85.38**	**990,197.0**	**86.29**
E. Non-Interest Bearing Liabilities									
1. Fair Value Portion of Debt	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
2. Credit impairment reserves	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
3. Reserves for Pensions and Other	6,287.3	5,619.0	0.48	5,608.0	0.46	5,251.0	0.47	4,927.0	0.43
4. Current Tax Liabilities	492.3	440.0	0.04	302.0	0.02	234.0	0.02	248.0	0.02
5. Deferred Tax Liabilities	520.3	465.0	0.04	392.0	0.03	310.0	0.03	364.0	0.03
6. Other Deferred Liabilities	0.0	0.0	0.00	1,563.0	0.13	0.0	0.00	0.0	0.00
7. Discontinued Operations	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
8. Insurance Liabilities	65,686.5	58,704.0	5.02	57,111.0	4.67	51,573.0	4.59	49,432.0	4.31
9. Other Liabilities	59,459.6	53,139.0	4.54	48,821.0	3.99	48,693.0	4.33	47,997.0	4.18
10. Total Liabilities	**1,238,601.3**	**1,106,938.0**	**94.68**	**1,160,620.0**	**94.88**	**1,065,348.0**	**94.82**	**1,093,165.0**	**95.26**
F. Hybrid Capital									
1. Pref. Shares and Hybrid Capital accounted for as Debt	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
2. Pref. Shares and Hybrid Capital accounted for as Equity	1,922.3	1,718.0	0.15	3,286.0	0.27	3,532.0	0.31	3,532.0	0.31
G. Equity									
1. Common Equity	58,067.6	51,895.0	4.44	50,869.0	4.16	47,506.0	4.23	47,349.0	4.13
2. Non-controlling Interest	8,078.8	7,220.0	0.62	7,388.0	0.60	6,833.0	0.61	3,802.0	0.33
3. Securities Revaluation Reserves	1,600.1	1,430.0	0.12	1,577.0	0.13	931.0	0.08	362.0	0.03
4. Foreign Exchange Revaluation Reserves	512.5	458.0	0.04	234.0	0.02	(220.0)	(0.02)	14.0	0.00
5. Fixed Asset Revaluations and Other Accumulated OCI	(529.3)	(473.0)	(0.04)	(676.0)	(0.06)	(410.0)	(0.04)	(703.0)	(0.06)
6. Total Equity	**67,729.7**	**60,530.0**	**5.18**	**59,392.0**	**4.86**	**54,640.0**	**4.86**	**50,824.0**	**4.43**
7. Total Liabilities and Equity	**1,308,253.3**	**1,169,186.0**	**100.00**	**1,223,298.0**	**100.00**	**1,123,520.0**	**100.00**	**1,147,521.0**	**100.00**
8. Memo: Fitch Core Capital	55,367.6	49,482.0	4.23	48,470.0	3.96	40,874.0	3.64	36,483.0	3.18
9. Memo: Fitch Eligible Capital	55,367.6	49,482.0	4.23	48,470.0	3.96	40,874.0	3.64	36,483.0	3.18

Groupe BPCE
Summary Analytics

	30 Jun 2015 6 Months - Interim	31 Dec 2014 Year End	31 Dec 2013 Year End	31 Dec 2012 Year End
A. Interest Ratios				
1. Interest Income on Loans/ Average Gross Loans	3.17	3.36	3.49	3.65
2. Interest Expense on Customer Deposits/ Average Customer Deposits	1.27	1.34	1.47	1.83
3. Interest Income/ Average Earning Assets	2.74	2.90	2.74	2.93
4. Interest Expense/ Average Interest-bearing Liabilities	1.73	1.83	1.66	1.96
5. Net Interest Income/ Average Earning Assets	1.07	1.15	1.15	1.07
6. Net Int. Inc Less Loan Impairment Charges/ Av. Earning Assets	0.90	0.98	0.97	0.92
7. Net Interest Inc Less Preferred Stock Dividend/ Average Earning Asset	1.07	1.15	1.13	1.05
B. Other Operating Profitability Ratios				
1. Non-Interest Income/ Gross Revenues	53.32	49.70	48.76	49.22
2. Non-Interest Expense/ Gross Revenues	67.98	69.39	69.90	71.29
3. Non-Interest Expense/ Average Assets	1.37	1.41	1.40	1.37
4. Pre-impairment Op. Profit/ Average Equity	13.27	12.40	13.28	13.19
5. Pre-impairment Op. Profit/ Average Total Assets	0.67	0.63	0.62	0.57
6. Loans and securities impairment charges/ Pre-impairment Op. Profit	25.61	24.30	28.48	33.30
7. Operating Profit/ Average Equity	9.87	9.39	9.50	8.80
8. Operating Profit/ Average Total Assets	0.50	0.48	0.45	0.38
9. Operating Profit / Risk Weighted Assets	1.53	1.41	1.39	1.16
C. Other Profitability Ratios				
1. Net Income/ Average Total Equity	6.46	5.71	5.54	4.75
2. Net Income/ Average Total Assets	0.33	0.29	0.26	0.20
3. Fitch Comprehensive Income/ Average Total Equity	8.02	7.15	6.96	7.46
4. Fitch Comprehensive Income/ Average Total Assets	0.41	0.36	0.33	0.32
5. Taxes/ Pre-tax Profit	38.52	36.24	38.84	36.49
6. Net Income/ Risk Weighted Assets	1.00	0.86	0.81	0.62
D. Capitalization				
1. Fitch Core Capital/ Risk Weighted Assets	12.55	12.34	11.08	9.58
2. Fitch Eligible Capital/ Risk Weighted Assets	12.55	12.34	11.08	9.58
3. Tangible Common Equity/ Tangible Assets	4.60	4.30	4.20	3.78
4. Tier 1 Regulatory Capital Ratio	12.80	12.70	12.80	12.20
5. Total Regulatory Capital Ratio	15.90	15.40	14.40	12.50
6. Core Tier 1 Regulatory Capital Ratio	12.40	11.90	11.40	10.70
7. Equity/ Total Assets	5.18	4.86	4.86	4.43
8. Cash Dividends Paid & Declared/ Net Income	n.a.	22.49	21.71	29.66
9. Internal Capital Generation	6.55	4.39	4.28	3.29
E. Loan Quality				
1. Growth of Total Assets	(4.42)	8.88	(2.09)	0.80
2. Growth of Gross Loans	1.00	3.21	2.04	0.34
3. Impaired Loans/ Gross Loans	3.93	3.87	4.06	3.89
4. Reserves for Impaired Loans/ Gross Loans	2.06	2.07	2.14	2.07
5. Reserves for Impaired Loans/ Impaired Loans	52.43	53.62	52.66	53.02
6. Impaired loans less Reserves for Impaired Loans/ Fitch Core Capital	22.64	21.93	27.02	28.23
7. Impaired Loans less Reserves for Impaired Loans/ Equity	18.51	17.90	20.21	20.26
8. Loan Impairment Charges/ Average Gross Loans	0.30	0.28	0.31	0.28
9. Net Charge-offs/ Average Gross Loans	n.a.	n.a.	n.a.	0.10
10. Impaired Loans + Foreclosed Assets/ Gross Loans + Foreclosed Ass	3.93	3.87	4.06	3.89
F. Funding and Liquidity				
1. Loans/ Customer Deposits	130.86	132.86	129.18	136.23
2. Interbank Assets/ Interbank Liabilities	163.25	141.69	156.05	130.52
3. Customer Deposits/ Total Funding (excluding derivatives)	50.37	46.56	49.69	44.88

Groupe BPCE
Reference Data

	30 Jun 2015			31 Dec 2014		31 Dec 2013		31 Dec 2012	
	6 Months - Interim USDm	onths - Interim EURm	As % of Assets	Year End EURm	As % of Assets	Year End EURm	As % of Assets	Year End EURm	As % of Assets
A. Off-Balance Sheet Items									
1. Managed Securitized Assets Reported Off-Balance Sheet	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
2. Other off-balance sheet exposure to securitizations	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
3. Guarantees	49,315.2	44,073.0	3.77	38,661.0	3.16	178,771.0	15.91	248,339.0	21.64
4. Acceptances and documentary credits reported off-balance sheet	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
5. Committed Credit Lines	118,909.0	106,269.0	9.09	121,790.0	9.96	129,939.0	11.57	125,225.0	10.91
6. Other Contingent Liabilities	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
7. Total Assets under Management	0.0	0.0	0.00	1,383,749.0	113.12	1,432,230.0	127.48	1,521,085.0	132.55
B. Average Balance Sheet									
Average Loans	679,002.7	606,824.7	51.90	594,149.2	48.57	578,307.0	51.47	570,699.6	49.73
Average Earning Assets	1,192,543.7	1,065,776.3	91.16	1,032,836.2	84.43	1,030,029.4	91.68	1,060,404.8	92.41
Average Assets	1,354,316.1	1,210,352.3	103.52	1,161,848.2	94.98	1,148,928.8	102.26	1,161,268.6	101.20
Average Managed Securitized Assets (OBS)	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
Average Interest-Bearing Liabilities	1,151,657.9	1,029,236.7	88.03	991,565.0	81.06	987,742.2	87.91	1,005,177.0	87.60
Average Common equity	59,302.9	52,999.0	4.53	51,190.6	4.18	49,013.4	4.36	46,925.4	4.09
Average Equity	68,583.4	61,293.0	5.24	58,926.2	4.82	53,968.8	4.80	50,067.2	4.36
Average Customer Deposits	520,554.2	465,219.3	39.79	451,050.0	36.87	435,550.8	38.77	399,770.8	34.84
C. Maturities									
Asset Maturities:									
Loans & Advances < 3 months	0.0	0.0	0.00	52,262.0	4.27	46,008.0	4.09	0.0	0.00
Loans & Advances 3 - 12 Months	0.0	0.0	0.00	44,715.0	3.66	44,566.0	3.97	0.0	0.00
Loans and Advances 1 - 5 Years	0.0	0.0	0.00	173,991.0	14.22	170,699.0	15.19	0.0	0.00
Loans & Advances > 5 years	0.0	0.0	0.00	309,480.0	25.30	300,762.0	26.77	0.0	0.00
Debt Securities < 3 Months	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
Debt Securities 3 - 12 Months	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
Debt Securities 1 - 5 Years	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
Debt Securities > 5 Years	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
Loans & Advances to Banks < 3 Months	0.0	0.0	0.00	79,468.0	6.50	88,720.0	7.90	0.0	0.00
Loans & Advances to Banks 3 - 12 Months	0.0	0.0	0.00	5,840.0	0.48	3,142.0	0.28	0.0	0.00
Loans & Advances to Banks 1 - 5 Years	0.0	0.0	0.00	3,243.0	0.27	3,541.0	0.32	0.0	0.00
Loans & Advances to Banks > 5 Years	0.0	0.0	0.00	3,012.0	0.25	4,432.0	0.39	0.0	0.00
Liability Maturities:									
Retail Deposits < 3 months	0.0	0.0	0.00	353,778.0	28.92	359,373.0	31.99	0.0	0.00
Retail Deposits 3 - 12 Months	0.0	0.0	0.00	19,192.0	1.57	23,835.0	2.12	0.0	0.00
Retail Deposits 1 - 5 Years	0.0	0.0	0.00	60,148.0	4.92	49,825.0	4.43	0.0	0.00
Retail Deposits > 5 Years	0.0	0.0	0.00	13,009.0	1.06	11,540.0	1.03	0.0	0.00
Other Deposits < 3 Months	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
Other Deposits 3 - 12 Months	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
Other Deposits 1 - 5 Years	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
Other Deposits > 5 Years	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
Deposits from Banks < 3 Months	0.0	0.0	0.00	0.0	0.00	14,753.0	1.31	0.0	0.00
Deposits from Banks 3 - 12 Months	0.0	0.0	0.00	0.0	0.00	4,016.0	0.36	0.0	0.00
Deposits from Banks 1 - 5 Years	0.0	0.0	0.00	0.0	0.00	26,807.0	2.39	0.0	0.00
Deposits from Banks > 5 Years	0.0	0.0	0.00	0.0	0.00	18,400.0	1.64	0.0	0.00
Senior Debt Maturing < 3 months	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
Senior Debt Maturing 3-12 Months	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
Senior Debt Maturing 1- 5 Years	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
Senior Debt Maturing > 5 Years	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
Total Senior Debt on Balance Sheet	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Fair Value Portion of Senior Debt	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
Subordinated Debt Maturing < 3 months	0.0	0.0	0.00	820.0	0.07	577.0	0.05	0.0	0.00
Subordinated Debt Maturing 3-12 Months	0.0	0.0	0.00	793.0	0.06	1,047.0	0.09	0.0	0.00
Subordinated Debt Maturing 1- 5 Year	0.0	0.0	0.00	4,223.0	0.35	4,928.0	0.44	0.0	0.00
Subordinated Debt Maturing > 5 Years	0.0	0.0	0.00	9,770.0	0.80	3,823.0	0.34	0.0	0.00
Total Subordinated Debt on Balance Sheet	19,656.5	17,567.0	1.50	15,606.0	1.28	10,375.0	0.92	9,875.0	0.86
Fair Value Portion of Subordinated Debt	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
D. Risk Weighted Assets									
1. Risk Weighted Assets	441,207.3	394,307.0	33.72	392,887.0	32.12	368,977.0	32.84	380,950.0	33.20
2. Fitch Adjustments to Risk Weighted Assets	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
3. Fitch Adjusted Risk Weighted Assets	441,207.3	394,307.0	33.72	392,887.0	32.12	368,977.0	32.84	380,950.0	33.20
E. Equity Reconciliation									
1. Equity	67,729.7	60,530.0	5.18	59,392.0	4.86	54,640.0	4.86	50,824.0	4.43
2. Add: Pref. Shares and Hybrid Capital accounted for as Equity	1,922.3	1,718.0	0.15	3,286.0	0.27	3,532.0	0.31	3,532.0	0.31
3. Add: Other Adjustments	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
4. Published Equity	69,652.0	62,248.0	5.32	62,678.0	5.12	58,172.0	5.18	54,356.0	4.74
F. Fitch Eligible Capital Reconciliation									
1. Total Equity as reported (including non-controlling interests)	67,729.7	60,530.0	5.18	59,392.0	4.86	54,640.0	4.86	50,824.0	4.43
2. Fair value effect incl in own debt/borrowings at fv on the B/S- CC only	0.0	0.0	0.00	100.0	0.01	(176.0)	(0.02)	(434.0)	(0.04)
3. Non-loss-absorbing non-controlling interests	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
4. Goodwill	4,817.1	4,305.0	0.37	3,605.0	0.29	4,168.0	0.37	4,249.0	0.37
5. Other intangibles	1,229.7	1,099.0	0.09	1,112.0	0.09	1,282.0	0.11	1,358.0	0.12
6. Deferred tax assets deduction	1,850.7	1,654.0	0.14	2,315.0	0.19	2,387.0	0.21	2,188.0	0.19
7. Net asset value of insurance subsidiaries	4,464.6	3,990.0	0.34	3,990.0	0.33	4,871.0	0.43	4,871.0	0.42
8. First loss tranches of off-balance sheet securitizations	0.0	0.0	0.00	0.0	0.00	882.0	0.08	1,241.0	0.11
9. Fitch Core Capital	**55,367.6**	**49,482.0**	**4.23**	**48,470.0**	**3.96**	**40,874.0**	**3.64**	**36,483.0**	**3.18**
10. Eligible weighted Hybrid capital	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
11. Government held Hybrid Capital	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
12. Fitch Eligible Capital	**55,367.6**	**49,482.0**	**4.23**	**48,470.0**	**3.96**	**40,874.0**	**3.64**	**36,483.0**	**3.18**

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