

Press Release

Paris, May 12, 2011

Results for the first quarter ended March 31, 2011: Strong results posted by the Group's strategic business lines

- **Improved performance achieved by the core business lines: revenues + 2.9% vs. Q1-10, net income + 13.4% vs. Q1-10**
 - > Commercial banking and Insurance: revenues + 1.7% and net income + 8.1% compared with Q1-10
 - > Core business lines of Natixis: revenues¹ + 6.0% compared with Q1-10, improved contribution to the group's net income¹ + 30.3% compared with Q1-10
 - > Improvement in ROE: 15% in Q1-11 against 13% in Q1-10
- **Continued reduction in the group's risk profile**
 - > Cost of risk: - 23.6% compared with Q1-10
 - > Reduction in the assets managed on a run-off basis (GAPC²): risk-weighted assets down 13% compared with Q4-10
- **Enhanced capital adequacy: Core Tier-1 ratio of 8.2%³ (+ 20 basis points in Q1-11)**
- **Implementation of the strategic plan: launch of exclusive discussions for the sale of Foncia and Eurosic⁴**
 - > Overall impact neutral or marginally positive on 2011 net income
 - > Overall anticipated impact of + 25 basis points on the Core Tier-1 ratio

Q1-11 net income of €989 million
The group confirms its ability to generate strong results thanks to the performance of its core business lines

¹ Not including the fair value adjustment of the proprietary senior debt carried under "Other businesses"

² *Gestion active des portefeuilles cantonnés* (workout portfolio management) of Natixis: assets corresponding to activities managed on a runoff basis

³ Estimate at March 31, 2011

⁴ Plans for asset disposals subject i) to approval granted by the relevant corporate bodies ii) to the fulfillment of conditions precedent to the transfer (including consultation of employees' representative bodies)

On May 11, 2011, the Supervisory Board of BPCE convened a meeting chaired by Philippe Dupont to examine the group's financial statements for the first quarter of 2011.

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

"The results for the first quarter of the year confirm that Groupe BPCE, less than two years after its creation, is a fully operational banking group. Its core business lines – as far as the Banque Populaire banks, the Caisses d'Épargne, and Natixis are concerned – continue to enjoy satisfactory growth in their geographical regions, after 2010, which proved to be a very good year. The upturn in the economic environment has led to a significant decline in the cost of risk. The group's risk profile has been enhanced with sharp reduction, once again, in assets managed on a run-off basis. The group's strong earning capacity enables it to continue to strengthen its capital adequacy in line with the priorities laid down in its strategic plan and thanks to the commitment of all our employees in their everyday work."

1. CONSOLIDATED RESULTS OF GROUPE BPCE FOR THE 1ST QUARTER OF 2011⁵

Results for the first quarter of 2011

Groupe BPCE delivered a robust performance in the first quarter of 2011 with net income of almost one billion euros thanks to the highly satisfactory results achieved by its core business lines. Groupe BPCE has continued to adapt its operations to the new regulatory environment in line with its 2010-2013 strategic plan.

The **net banking income** generated by Groupe BPCE reached a total of €5,922 million, representing a marginal 0.9% decline compared with March 31, 2010. The net banking income of the core business lines⁶ rose 2.9% to reach a total of €5,342 million.

The net banking income of the Commercial banking and Insurance core business line increased 1.7% to €3,778 million thanks, in particular, to strong growth in the commissions earned by the Banque Populaire banks and Caisses d'Épargne (+ 6.0%⁷). The revenues generated by the core business lines of Natixis rose 6% to reach a total of €1,564 million.

All the initiatives of the 2010-2013 strategic plan "Together" are making good progress. In particular, the revenue synergies between Natixis and the Banque Populaire and Caisse d'Épargne networks had generated additional net banking income of €315 million at March 31, 2011.

Operating expenses have increased by 1.7%, to €4,006 million.

⁵ The quarterly results of the group for the period ended March 31, 2011 were approved by the Management Board at a meeting convened on May 9, 2011.

⁶ The core business lines are: Commercial banking and Insurance (working, in particular, through the Banque Populaire and Caisse d'Épargne networks as well as Crédit Foncier de France, Banque Palatine and BPCE International et Outre-mer) and Corporate & Investment Banking, Investment Solutions and Specialized Financial Services (Natixis).

⁷ Commissions excluding *Livret A* commissions and compensation for early loan redemption.

The **cost/income ratio** stands at 67.6% for the group as a whole, up 1.7 points compared with the same period last year. It has, however, improved for all the core business lines (down 0.3 points at 63, 6%).

Gross operating income stands at €1,916 million against €2,034 million at March 31, 2010. The **gross operating income** of the core business lines has enjoyed 3.8% growth and now stands at €1,945 million.

The **cost of risk** has continued to decline (- 23.6%) and now stands at €390 million against €511 million in the first quarter of 2010. Compared with the 4th quarter of 2010, the cost of risk has fallen by a total of €49 million, or -11.2%.

The cost of risk of the core business lines declined by 36.6% in the first quarter of 2011 compared with same period in 2010.

Income before tax enjoyed 1.1% growth to reach a total of €1,583 million in the first quarter of 2011.

Net income attributable to equity holders of the parent stands at €989 million, against €1,010 million in the first quarter of 2010. **Net income part attributable to equity holders of the parent of the core business lines** has risen by 13.4% to reach a total of €1,050 million.

Return on equity after tax of the core business lines rose to 15% up from 13% at March 31, 2010.

CONSOLIDATED RESULTS OF GROUPE BPCE FOR THE 1ST QUARTER OF 2011

in millions of euros	Q1 2011	Q1 2010	% change		Core bus. lines Q1 2011	Core bus. lines Q1 2010	% change
Net banking income	5,922	5,973	- 0.9%		5,342	5,191	+ 2.9%
Operating expenses	- 4,006	- 3,939	+ 1.7%		-3,397	-3,317	+ 2.4%
Gross operating income	1,916	2,034	-5.8%		1,945	1,874	+ 3.8%
Cost/income ratio	67.6%	65.9%	+1.7 pt		63.6%	63.9%	-0.3 pt
Cost of risk	- 390	- 511	- 23.6%		- 274	- 432	- 36.6%
Income before tax	1,583	1,566	+ 1.1%		1,719	1,497	+ 14.8%
Net income attributable to equity holders of the parent	989	1,010	- 2.1%		1,050	926	+ 13.4%
ROE	8.6%	9.3%			15%	13%	

2. COMMERCIAL BANKING AND INSURANCE: BUOYANT COMMERCIAL ACTIVITY, FASTER PACE OF NEW ON-BALANCE SHEET DEPOSITS

The Commercial banking and Insurance core business line groups together the activities of the Banque Populaire and Caisse d'Épargne retail banking networks, activities related to real estate financing (chiefly Crédit Foncier de France) and the Insurance, International and "Other networks" activities.

Momentum in the drive to capture new market share among priority customer targets has been maintained for several quarters at an extremely satisfactory pace.

New fund inflows enjoyed sustained growth sharply focused in the first quarter of 2011 on on-balance sheet deposits.

The Banque Populaire and Caisse d'Épargne networks are actively pursuing their mobilization in favor of financing the French economy with upward oriented lending activities.

Results of the Commercial banking and Insurance core business line at March 31, 2011

The net banking income of the Commercial banking and Insurance core business line reached a total of €3 778 million, up 1.7% compared with the first quarter of 2010. Gross operating income stands at €1,351 million. The cost/income ratio has declined marginally to 64.2%. The cost of risk fell by 21.7%, to €252 million.

Net income attributable to equity holders of the parent posted by the Commercial banking and Insurance core business enjoyed growth of 8.1% to €762 million.

Return on equity after tax remains stable at 13%.

2.1 Banque Populaire

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

In line with the group's strategic priorities, the customer base of the Banque Populaire banks is enjoying sustained growth. As a result, the number of customers continued to expand in the 1st quarter at a faster annual pace in all markets: + 1.3% for active individual customers, + 3.2% for active established customers and + 4% for corporate customers.

- **Loan outstandings**

The commitment of Banque Populaire banks to financing the French economy has led to 5% growth in loan outstandings compared with the first quarter of 2010. Aggregate outstandings reached €148 billion at March 31, 2011. The rate of growth during the quarter stands at 1.3%, compared with the fourth quarter of 2010.

Thanks to a buoyant market, home loan outstandings enjoyed 7.6% growth to reach a total of €74.0 billion in one year.

In the market for professional, corporate, and institutional customers, outstandings rose by 3% thanks to continued growth in medium-/long-term loan production that was buoyed up, in particular, by the corporate customer market.

- **Savings deposits**

The Banque Populaire banks recorded sustained annual growth in savings deposits of 5.2%. At March 31, 2011, savings deposits stood at €186 billion.

This growth is driven by on-balance sheet savings (excluding centralized savings and demand deposits): + 7.4% in one year. This growth in on-balance sheet savings was particularly strong in the first quarter of 2011.

- **Financial results**

The net banking income generated by the Banque Populaire network totaled €1,573 million, (+0,2%⁸). Interest margins remained stable while commissions enjoyed growth of 4.1%.⁹

Operating expenses remain under tight control at €993 million.

The cost/income ratio stands at 63.1%.

The cost of risk enjoyed a significant decline of 30% as a result, in particular, of an improvement in the economic situation of companies. It stood at 34 basis points¹⁰ in the first quarter of 2011 against 51 basis points in the first quarter of 2010.

The net income posted by the Banque Populaire banks totaled €303 million, representing annual growth of 2%.

2.2 Caisse d'Épargne

The Caisse d'Épargne network comprises the 17 individual Caisses d'Épargne.

The Caisse d'Épargne network is pursuing an active commercial strategy aimed at winning the loyalty of its customers, and strengthening its relations with them. As a result of this strategy, the French savings banks delivered a dynamic commercial performance.

The Caisses d'Épargne continued their drive to attract new active customers. In the space of one year, the number of active individual customers rose by 1.7%, that of professional customers increased by 7.8% and the number of corporate customers enjoyed 10.1% growth. In each of these customer segments, the pace of growth gathered speed in the 1st quarter.

⁸ Excluding provisions for home purchase savings schemes and excluding the impact of volatility in fair value on structured products (introduced with the framework of asset-liability management).

⁹ Commissions excluding *Livret A* commissions and compensation for early loan redemption.

¹⁰ Expressed in annualized basis points on gross customer loan outstandings at the beginning of the period.

- **Loan outstandings**

The Caisses d'Épargne confirm their dynamic contribution to financing the French economy. After the favorable trend enjoyed by lending activities in 2010 – buoyed up by low interest rates throughout the year and measures taken to stimulate the market at the end of the year, and which continued into the first quarter of 2011 – loan outstandings grew by 2.1% in the 1st quarter of 2011 compared with the same period in 2010 to reach a total of €158 billion.

In the individual customers market, the distribution of home loans to households remained dynamic in the 1st quarter of the year despite the withdrawal of certain tax breaks. Outstandings rose by 2.1% in the first quarter and by a total of 12% year-on-year in view of the performance achieved in 2010.

- **Savings deposits**

The savings deposits of the Caisses d'Épargne increased by 2.8% in the space of one year to reach a total of €340 billion at March 31, 2011. This growth was driven by on-balance sheet savings deposits (+ 6.8% year-on-year, excluding centralized savings and demand deposits). Customer deposit taking gathered pace in the first quarter of the year.

In the individual customers market, growth in deposits in the first quarter was driven by on-balance sheet savings and boosted by strong commercial dynamics vis-à-vis the placing of BPCE bond issues with the network's retail customers. Deposits on *Livret A* passbook accounts rose 0.7% during the quarter since the end of December. Financial savings deposits increased by 1.9% to reach a total of €119.9 billion.

In the professional, corporate and institutional customers market, growth in savings deposits was strong (+ 8.9% year-on-year and + 4.2% during the quarter). This growth can chiefly be explained by increased deposits on *Livret A* passbook accounts.

- **Financial results**

Net banking income totaled €1,723 million, representing growth of 3.8% compared with the first quarter of 2010¹¹ despite the 0.2-point decline in commissions earned on the *Livret A* passbook accounts. If the impact of the *Livret A* commission rate is excluded, net banking income increased by a factor of 6.1%. The interest margin benefited from a favorable volume effect and commissions rose by 8%¹².

Operating expenses remained under a tight rein at €1,120 million.

The cost of risk declined by a substantial 21% to €72 million taking advantage, in particular, of a less depressed economic climate. This item stood at 19 basis points¹³ in the first quarter of 2011 against 27 basis points in the first quarter of 2010.

The cost/income ratio enjoyed a 2.4-point improvement and reached 65.0% in the first quarter.

Net income generated by the Caisses d'Épargne totaled €346 million, equal to 19% growth in the space of one year.

¹¹ Excluding provisions for home purchase savings schemes.

¹² Commissions excluding *Livret A* commissions and compensation for early loan redemption.

¹³ Expressed in annualized basis points on gross customer loan outstandings at the beginning of the period.

2.3 Real estate financing

Crédit Foncier is the principal entity contributing to this business line.

Business remained buoyant for Crédit Foncier in the first quarter of 2011. New loans granted to individual customers rose 6% compared with the same period in 2010 to reach a total of €1.8 billion.

Crédit Foncier was the first banking institution to offer PTZ + interest-free loans from the beginning of the year thanks to its expertise in regulated financing solutions: it is the largest distributor of PAS loans aimed at facilitating home-ownership for low-income families with a market share of 36%, and the No.1 distributor of PTZ interest-free home loans with a market share of 21%. New loans granted to corporate customers remained at a good level, similar to that achieved in the first quarter of 2010 with good results delivered particularly in the area of real estate development financing and the financing of companies and investors in what, however, remains a fragile economic environment in the service sector.

Net banking income remained stable on a like-for-like basis in the first quarter of 2011.

The contribution of Crédit Foncier de France to the group's net income amounted to €40 million, down 10% compared with the first quarter of 2010 on a constant basis of structure.

3. CORPORATE AND INVESTMENT BANKING, INVESTMENT SOLUTIONS AND SPECIALIZED FINANCIAL SERVICES (CORE BUSINESS LINES INCLUDED IN NATIXIS)

In the first quarter of 2011, the net banking income of the core business lines of Natixis (CIB, Investment Solutions and Specialized Financial Services) came to a total of €1,564 million, up 6.0% compared with the first quarter of 2010. All the core business lines contributed to this growth: Corporate and Investment Banking (+ 3.6%, or €821 million), Investment Solutions (+ 10.8%, or €472 million) and Specialized Financial Services (+ 5.4%, or €271 million).

Operating expenses, for a total of €970 million, show an increase of 4.6%.

The cost/income ratio of the core business lines has been reduced by 0.8 points compared with the first quarter of 2010, and now stands at 62.0%.

The cost of risk has declined substantially and now stands at €22 million, down from €110 million one year earlier.

The income before tax generated by these three business lines enjoyed strong growth to reach a total of €575 million, up from €444 million one year earlier, representing an increase of 29.5%.

At March 31, 2011, the contribution from the core business lines of Natixis to the net income attributable to equity holders of the parent of Groupe BPCE stood at €288¹⁴ million, up from €221 million in the first quarter of 2010, equal to growth of 30.3%.

The return on equity of these business lines stood at 22% in the first quarter of 2011 against 15% in the first quarter of 2010.

¹⁴ Not including the fair value adjustment of the proprietary senior debt carried under "Other businesses"

(For a more detailed analysis of the core business lines and results of Natixis, please refer to the press release published by Natixis that can be consulted online at www.natixis.com).

4. EQUITY INTERESTS

The net banking income generated by the group's equity interests increased by 4.4% to reach a total of €541 million in the first quarter of 2011. Net income remains stable at €14 million.

4.1 Coface

Revenues increased by 5% compared with the first quarter of 2010. In the area of credit insurance, Coface enjoyed 4% growth in volume while its factoring activities in the international market achieved growth of 30.7%.

The claims rate achieved a 10-percentage point improvement compared with the first quarter of 2010 with a loss ratio of 53% this quarter against 63% during the same period in 2010.

4.2 Foncia

Revenues stand at €140 million, up 5% compared with the first quarter of 2010. The recurring activities of rental property and condominium management service account for 68% of the company's aggregate revenues (which enjoyed growth of + 4%).

The property transaction activity accounts for 15% of overall revenues (revenues + 6%).

4.3 Nexity

Revenues remained stable at €559 million, including €360 million (up 5%) for the housing division, whose business activities remain stable in terms of volume. The order book represents 16 months of real estate development work. It has increased by 2% compared with December 31, 2010 (+ 4% for housing accommodation).

5. WORKOUT PORTFOLIO MANAGEMENT (GAPC)

Work continued to reduce the impact of segregated assets. In the first quarter of 2011, risk-weighted assets declined by a total of 13% (€2.1 billion), thanks in particular to asset disposals. Since the group was first created, risk-weighted assets have been divided by a factor of 2.

The workout portfolio management activities had no significant impact on the group's net income in the first quarter of 2011.

6. THE GROUP'S FINANCIAL STRUCTURE

6.1 New improvement in capital adequacy ratios

The group is pursuing its strict management of risk-weighted assets that it first adopted in 2010. The group's risk-weighted assets are stable at €398 billion (compared with €399 billion at December 31, 2010).

What is more, the decision to retain earnings has allowed the group to reinforce its capital and to achieve, in the first quarter of 2011, a 20-basis point improvement in its Core Tier-1 ratio, which now stands at 8.2%¹⁵. The Tier-1 ratio stands at 9.9%, up from 9.7% at December 31, 2010. The group has set itself the goal of retaining more than 80% of its earnings generated in 2011.

At March 31, 2011, the group's Tier-1 capital stood at €39.5 billion¹⁶ up from €38.8 billion at December 31, 2010.

6.2 Liquidity and refinancing

On May 6, 2011, €19 billion of medium-/long-term funds were raised, corresponding to 58% of the 2011 funding program for a total of €33 billion.

With a view to ensuring a satisfactory diversification of its funding resources, covered bonds accounted for 48% of the total issue, the rest corresponding to senior unsecured bonds.

The Banque Populaire banks and Caisses d'Épargne mobilized their networks and placed network loans for a total of €2 billion with their retail customers.

Within the framework of the continued drive to diversify on the US market, 18% of public bond issues launched by institutionals were completed in this part of the world.

The success of the inaugural 5-year issue worth €2 billion from BPCE SFH led to a record-breaking €3.6 billion order book with 136 investors and an outstanding geographical diversification.

7. IMPLEMENTATION OF THE 2010-2013 STRATEGIC PLAN "TOGETHER": PLANS TO DISPOSE OF EQUITY INTERESTS

Foncia

BPCE and a consortium comprised of Bridgepoint and Eurazeo entered into exclusive discussions on May 12 for the sale of Foncia. If these plans go ahead, BPCE will take a 17% stake in the buyer holding company alongside the members of the consortium.

The price of the transaction is fixed and non-negotiable at €725 million for 100% of the capital, equal to an enterprise value of €1.017 billion, representing a 16-times multiple of the company's operating income (EBIT) or 20 times its 2010 net income.

¹⁵ Estimate at March 31, 2011.

¹⁶ Estimate at March 31, 2011 – Tier-1 ratio excluding the floor effect (- 20 basis points).

According to the provisional timetable, the operation will be completed by July 31, 2011 at the very latest.

Eurosic

BPCE, Nexity, Banque Palatine and Batipart (along with several French institutional investors) began exclusive discussions with a view to the sale of the group's 52.2% interest in Eurosic at a fixed and non-negotiable price of €34.30 per share. The value of the transaction is €318 million.

According to the provisional timetable, a voluntary public offer will be filed for all of Eurosic's capital as soon as possible after June 30, 2011.

Overall impact of the two operations

These two operations – if they proceed as planned – will have a neutral or marginally positive impact on the 2011 net income of Groupe BPCE.

They will allow the group to release Core Tier-1 capital for an amount of approximately €1.1 billion, representing an improvement in the Core Tier-1 ratio of approximately 25 basis points.

About Groupe BPCE:

Groupe BPCE, the 2nd-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 36 million customers and enjoys a strong presence in France with 8,000 branches, 125,000 employees and more than 8 million cooperative shareholders.

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