GROUPE BPCE

Press Release

Paris, May 3, 2023

Results for Q1-23

KEY FIGURES[1]

Net banking income of €5.8bn, reflecting a limited decline of 5% vs. Q1-22 related to changes in interest rates and, notably, in regulated savings
Net banking income up by 1% excluding the impact of regulated savings (-€380m)

Expenses remain stable vs. Q1-22 in a context of high inflation; cost/income ratio at 67.9%[2] in Q1-23

Net income of €533m, down 29% YoY and up 8% if the impacts of regulated savings are excluded (-€282m)

BUSINESS LINES/ACTIVITIES[1]

Retail Banking & Insurance: continued development of the Banque Populaire and Caisse d'Epargne retail banking networks in all customer segments and successful diversification of revenues; higher lending rates in Q1-23; €19bn YoY increase in deposits; net banking income down by a limited 7% owing to the impact of regulated savings

- **Local & regional financing: 6%** YoY growth **in loan outstandings** rising to a total of **€706bn at end-March 2023**
- **Insurance:** gross inflows of **€3.2bn in life insurance**, **10% increase in non-life insurance premiums** vs. Q1-22
- **Financial Solutions & Expertise: +7% growth in net banking income** chiefly driven by financing activities

Global Financial Services: 2% increase in revenues vs. Q1-22 driven by the strong development of CIB franchises (net banking income +7%) and good momentum in new fund inflows in Asset Management

- **Corporate & Investment Banking: net banking income up 7% YoY** thanks to continued diversification and expansion of the client base. **Global Markets revenues up 4% YoY; Global Finance revenues down 8% YoY** due to lower contribution from Real assets activities partially offset by a renewed positive performance by Trade Finance
- **Asset & Wealth Management: €1,112bn in assets under management** at end-March 2023, **+3% QoQ, for Natixis IM**; positive fund inflows during the quarter; commission rate up to **25.2 bps, +0.7pp YoY**; net banking income down by a limited 4%.

P&L/CAPITAL[1]

Strict discipline on operating expenses, stable vs. Q1-22; cost/income ratio of 67.9%[2] in Q1-23

Cost of risk: low level during the quarter on account of existing provisions for future risks

- **Cost of risk for the Group of €326m in Q1-23, or 16bps**, including €70m in additional provisions for 'Stage 1'/'Stage 2' future risks
- **Group cost of 'Stage 3' proven risk of €257m**, or 12bps, vs. 21bps in Q4-22 and 14bps in Q1-22

Capital adequacy at a high level: CET1[3] ratio of 15.0% at the end of March 2023

Nicolas Namias, Chairman of the Management Board of Groupe BPCE, said: *"In a context of economic slowdown and persistently high inflation, Groupe BPCE continued its commercial development thanks to the very strong commitment of all its teams. The Banques Populaires, Caisses d'Epargne, and all the retail banking business lines expanded their customer bases in all their market segments with their support of local and regional financing activities. The global CIB and AM business lines continued their development by serving their clients against a background of volatility in the financial markets.*
As we had previously anticipated, the effects of the rapid rise in interest rates, especially those of regulated savings products, have had an impact on the financial performance of our business lines. This situation is expected to remain unchanged in the coming quarters and reflects the prominence of the role played by Groupe BPCE in financing the French economy.
The current context further confirms the relevance of our robust cooperative business model, useful to our customers and our cooperative shareholders, and working at the heart of our regional ecosystems in pursuit of a long-term vision."

[1] See note on methodology [2] Underlying figures and excluding contributions to the Single Resolution Fund [3] Estimate at end-March 2023

BANQUE POPULAIRE | CAISSE D'EPARGNE | NATIXIS INVESTMENT MANAGERS | NATIXIS CORPORATE AND INVESTMENT BANKING

The annual financial statements of Groupe BPCE for the period ended March 31, 2023, approved by the Management Board at a meeting convened on May 2, 2023, were verified and reviewed by the Supervisory Board, chaired by Thierry Cahn, at a meeting convened on May 3, 2023.

Groupe BPCE

€m	Q1-23	Q1-22pf	% Change vs. Q1-22pf
Net banking income	**5,815**	**6,149**	**(5)%**
Operating expenses	(4,587)	(4,585)	0%
o/w operating expenses excluding SRF[1]	*(4,002)*	*(3,989)*	*0%*
Gross operating income	**1,228**	**1,564**	**(22)%**
Cost of risk	(326)	(411)	(21)%
Income before tax	**968**	**1,206**	**(20)%**
Income tax	(425)	(434)	(2)%
Non-controlling interests	(9)	(17)	(46)%
Net income – Group share	**533**	**755**	**(29)%**
Exceptional items	(36)	(18)	x2
Underlying net income – Group share	**570**	**773**	**(26)%**
Cost to income ratio (underlying excl. SRF)	*67.9%*	*63.7%*	*4.2pp*

1. Groupe BPCE

Unless specified to the contrary, the financial data and related comments refer to the published results of the Group and business lines, changes express differences between Q1-23 and pro-forma Q1-22.

In Q1-23, Groupe BPCE recorded a limited 5% decline in its **net banking income** to 5,815 million euros, owing to the -7% decline in the net banking income generated by the Retail Banking & Insurance business unit (RB&I), while the net banking income of the Global Financial Services business unit (GFS) rose by 2%.

The revenues of the RB&I business unit stood at 3,891 million euros (-7%) in a context of pressure on the net interest margin due to the increase in the cost of funding, due in particular to regulated savings, outstripping the repricing of assets.

The net banking income posted by the GFS business unit stood at 1,822 million euros, up 2% in Q1-23. This increase chiefly reflects the growth in net banking income generated by the Corporate & Investment Banking business (+7%) driven by an efficient diversification strategy. Net banking income posted by the Asset & Wealth Management business fell by 4% owing to the decline in management fees, as a result of the 10% year-on-year decline in average assets under management (at constant exchange rates).

Q1-23 **operating expenses** remain stable at 4,587 million euros.

The **cost/income ratio** (excluding exceptional items and excluding the contribution to the SRF[1]) stood at 67.9% in Q1-23, up 4.2pp.

As a result, **gross operating income** declined by 22% in Q1-23 to 1,228 million euros.

Groupe BPCE's **cost of risk** fell by 21% in Q1-23 and currently stands at 326 million euros.

For Groupe BPCE as a whole, the amount of provisions for performing loans rated 'Stage 1' or 'Stage 2' came to 70 million euros in Q1-23 vs. 140 million euros in pro-forma Q1-22. Provisions for loans with proven risk rated 'Stage 3' stood at 257 million euros in Q1-23, down from 271 million euros in pro-forma Q1-22.

In Q1-23, the cost of risk stood at 326 million euros, i.e. 16bps for gross customer loans for Groupe BPCE (21bps in pro-forma Q1-22). This figure includes a provisioning on performing loans of 3bps in Q1-23 (7bps in pro-forma Q1-23) rated 'Stage 1' or 'Stage 2' and a provision on loans with proven risk of 12bps in Q1-23 (14bps in pro-forma Q1-22) rated 'Stage 3'.

The cost of risk stood at 17bps for the Retail Banking & Insurance business unit in Q1-23 (21bps in pro-forma Q1-22), including 2bps for the provisioning of performing loans (8bps in pro-forma Q1-22) rated 'Stage 1' or 'Stage 2' and 15bps for the provisioning of loans with proven risk (12bps in pro-forma Q1-22) rated 'Stage 3'.

The cost of risk for the Corporate & Investment Banking business unit stood at -13bps in Q1-23 (56bps in pro-forma Q1-22), including -1bp for the provisioning of performing loans (2bps in pro-forma Q1-22) rated 'Stage 1' or 'Stage 2' and -12bps for the provisioning of loans where the risk is proven (54bps in pro-forma Q1-22) rated 'Stage 3'.

Reported net income (Group share) in Q1-23 reached 533 million euros, down 29% (755 million euros in pro-forma Q1-22).

Exceptional items had a negative impact of -36 million euros on net income (Group share) in Q1-23, representing a doubling of the impact of this item compared with pro-forma Q1-22 but still an amount of limited impact in absolute value.

Underlying net income (Group share) amounted to 570 million euros in Q1-23 (-26%).

2. Capital, loss-absorbing capacity, liquidity and funding

2.1 CET1[1] ratio

Groupe BPCE's CET1[1] ratio at end-March 2023 reached an estimated level of 15.0%, -10bps compared to end-December 2022. The quarterly change is explained by the following impacts:

- Q1-2023 results: +11bps,
- Growth in risk-weighted assets: -9bps, i.e., resulting in organic capital creation of 2bps during the quarter if these 2 items are combined,
- Net inflows from cooperative shares: +6bps,
- Projected distribution of dividends related to cooperative shares in 2023: -17bps,
- Impact of the first-time application of IFRS 17 and IFRS 9 (FTA): -1bp,
- Other items: -1bp.

At the end of March 2023, **Groupe BPCE held a buffer estimated at 18.4 billion euros above** the threshold for triggering the maximum distributable amount **(MDA)** for equity capital, while taking account of the prudential requirements laid down by the ECB that became applicable as of April 1, 2023.

2.2 TLAC[2] ratio

Total loss-absorbing capacity (TLAC) estimated at the end of March 2023 stands at 113 billion euros. The TLAC ratio, expressed as a percentage of risk-weighted assets, stood at an estimated 24.4% at the end of March 2023 (without taking account of preferred senior debt for the calculation of this ratio), well above the current Financial Stability Board requirements that currently stand at 21.53%.

2.3 MREL[2] ratio

Expressed as a percentage of risk-weighted assets at March 31, 2023, Groupe BPCE's subordinated MREL ratio and total MREL ratio were 24.4% and 31.4% respectively, well above the minimum requirements laid down by the SRB in 2022 of 21.53% and 25.04% respectively.

2.4 Leverage ratio

At March 31, 2023, the estimated leverage ratio[1] stood at 5.0%, a level stable compared with the end of December 2022. The leverage ratio requirement stood at 3.5% on March 31, 2023.

2.5 Liquidity reserves at a high level

The Liquidity Coverage Ratio (LCR) for Groupe BPCE is well above the regulatory requirements of 100%, standing at 153% based on the average of end-of-month LCRs in the 1st quarter of 2023.
The volume of liquidity reserves reached €335bn at the end of March 2023, representing an extremely high coverage ratio of 178% of short-term financial debts (including short-term maturities of medium-/long-term financial debt).

2.6 MLT funding plan: 63% of the 2023 plan already raised as at April 21, 2023

Reminder: the size of the MLT funding plan for 2023 has been set at €29bn and the breakdown by type of debt is as follows:

- €10bn in TLAC funding: €2bn in Tier 2 and €8bn in senior non-preferred debt,
- €7bn in senior preferred debt,
- €12bn in covered bonds.

The target for ABS is €1.7bn.

As at April 21, 2023, Groupe BPCE had raised €18.3 bn, excluding structured private placements and ABS (63% of the €29 bn plan):

- €6.1bn in TLAC funding, i.e. 61% of requirements: €1.5 bn in Tier 2 (75% of requirements) and €4.6bn in senior non-preferred debt (58% of requirements) ;
- €3.1bn in senior preferred debt (45% of requirements);
- €9.0bn in covered bonds (75% of requirements).

Note the completion of 2 highly successful bond issues for a total of €3bn, after the recent volatile period on the markets::

- BPCE SFH: €2 bn in 5-year covered bonds, oversubscribed by a factor of 2.3 despite a large size thanks to a very large and diversified order book (€4.7bn); new issue premium of 4bps,
- BPCE: €1bn of 3-year senior preferred bonds, oversubscribed by a factor of 2.7 with a large and diversified order book (€2.7bn); new issue premium of 13bps.

The amounts of ABS raised were equal to €1.55bn as at April 21, 2023, representing 91% of the target.

Outstanding TLTRO III stood at €43.2bn as at March 31, 2023, after a €40bn redemption in March 2023.

[1] See note on methodology [2] Groupe BPCE has chosen to waive the possibility offered by Article 72b (3) of the Capital Requirements Regulation to use senior preferred debt for compliance with its TLAC/subordinated MREL requirements

3. Results of the business lines

Unless specified to the contrary, the financial data and related comments refer to the published results of the business lines, changes express differences between Q1-23 and pro-forma Q1-22.

3.1 Retail Banking & Insurance

€m[1]	Q1-23	% Change[2]
Net banking income	3,891	(7)%
Operating expenses	(2,496)	1%
Gross operating income	**1,395**	**(19)%**
Cost of risk	(308)	(7)%
Income before tax	**1,107**	**(21)%**
Exceptional items	(31)	9%
Underlying income before tax	**1,137**	**(21)%**
Underlying cost/income ratio	*63.4%*	*5.0pp*

In Q1-23, **loan outstandings** enjoyed 6% year-on-year growth, reaching 706 billion euros at the end of March 2023, including a 7% increase in housing loans to 395 billion euros, an 8% increase in equipment loans to 187 billion euros and a 7% increase in consumer loans to 39 billion euros.
At the end of March 2023, on-balance sheet **customer deposits & savings** stood at 662 billion euros, representing a YoY increase of 19 billion euros (+3%), with a 37% increase in term accounts.

In Q1-23, **net banking income** generated by the Retail Banking & Insurance business unit fell by 7% to stand at 3,891 million euros, including a 9% and 12% decline for the Banque Populaire and Caisse d'Épargne retail banking networks respectively.
The Financial Solutions & Expertise business lines continued to benefit from very good sales momentum: revenues rose by 7% in Q1-23. In the Insurance business, revenues rose by a substantial 41%, reflecting the volatility generated by the application of the new IFRS 17 and 9 standards to insurance activities, as well as the very good momentum of the Property & Casualty business. The activity is dynamic for the Digital and Payments division impacted by the increase in refinancing costs.

Despite the background of high inflation, **operating expenses** were kept under very tight control, standing at 2,496 million euros in Q1-23 (+1%).

The **cost/income ratio**[1] rose by 5pp in Q1-23 to 63.4%.

Owing to a negative jaws effect, the **gross operating income** posted by the business unit fell by 19% in Q1-23 to 1,395 million euros.

The **cost of risk** amounted to 308 million euros in Q1-23, down by 7%.

For the business unit as a whole, **reported income before tax** came to 1,107 million euros in Q1-23, down 21%.

The business unit's **underlying income before tax**[1] amounted to 1,137 million euros in Q1-23, down 21%.

1 Excluding exceptional items

3.1.1 Banque Populaire network

The Banque Populaire network is comprised of 14 cooperative banks (12 regional Banques Populaires along with CASDEN Banque Populaire and Crédit Coopératif) and their subsidiaries, Crédit Maritime Mutuel, and the Mutual Guarantee Companies.

€m[1]	Q1-23	% Change[2]
Net banking income	1,557	(9)%
Operating expenses	(1,018)	2%
Gross operating income	**539**	**(24)%**
Cost of risk	(132)	(14)%
Income before tax	**422**	**(26)%**
Exceptional items	(13)	1%
Underlying income before tax	**435**	**(26)%**
Underlying cost/income ratio	*64.6%*	*6.8pp*

Loan outstandings increased by 7% year-on-year to 301 billion euros at the end of March 2023. **On-balance sheet customer deposits & savings** rose by 13 billion euros year-on-year to 283 billion euros at the end of March 2023, with strong growth in term accounts (+44% year-on-year) and passbook savings accounts (+7% year-on-year).

In Q1-23, net banking income came to a total of 1,557 million euros, down 9%, including the following items:
- A 24% decline in net interest margin[3] (excluding provisions for home-purchase saving schemes) to 810 million euros, in a context of rising funding costs outpacing the increase in asset repricing, and
- A 10% increase in commission income[3] to 730 million euros.

Operating expenses, which remained tightly managed, rose by 2% in Q1-23 to 1,018 million euros.

This resulted in a 6.8pp deterioration in the **cost/income ratio[2]**, which stood at 64.6% in Q1-23.

Gross operating income fell by 24% to 539 million euros in Q1-23.

The **cost of risk** stood at 132 million euros in Q1-23 (-14%).

Reported income before tax declined by 26% to 422 million euros in Q1-23.

Underlying income before tax stood at 435 million euros in Q1-23 (-26%).

1 Q1-22 figures have been restated on a pro forma basis to account for the application of IFRS 17 (see note on methodology)
2 Excluding exceptional items
3 Income on regulated savings has been restated from the net interest margin and included in commissions

3.1.2 Caisse d'Epargne network

The Caisse d'Epargne network comprises the 15 cooperative Caisses d'Epargne along with their subsidiaries.

€m[1]	Q1-23	% Change[2]
Net banking income	1,536	(12)%
Operating expenses	(1,065)	0%
Gross operating income	**471**	**(32)%**
Cost of risk	(136)	4%
Income before tax	**334**	**(41)%**
Exceptional items	(11)	34%
Underlying income before tax	**345**	**(40)%**
Underlying cost/income ratio	*68.7%*	*8.6pp*

Loan outstandings rose by 6% year-on-year to reach a total of 363 billion euros at the end of March 2023. **On-balance sheet customer deposits & savings** rose by 6 billion euros year-on-year to reach 366 billion euros at the end of March 2023 with strong growth in term accounts (+29% year-on-year) and passbook savings accounts (+5% year-on-year).

In Q1-23, net banking income stood at 1,536 million euros, down 12%. This figure includes:

- A 30% decline in the net interest margin (excluding provisions for home-purchase saving schemes[3]) to 710 million euros due to the fact that the increase in the cost of funding – notably owing to the weight of regulated savings (the Caisses d'Epargne network is a historical distributor of *Livret A* passbook savings accounts) – outpaced the increase in asset repricing, and
- A 4% increase in commissions[3] to 792 million euros.

Operating expenses, which were kept under tight control in Q1-23, remained stable at 1,065 million euros.

The **cost/income ratio[2]** rose by 8.6pp to stand at 68.7% in Q1-23.

Gross operating income fell by 32% to 471 million euros in Q1-23.

The **cost of risk** stood at 136 million euros in Q1-23, up 4%.

Reported income before tax was down 41% to 334 million euros in Q1-23.

Underlying income before tax came to 345 million euros in Q1-23 (-40%).

1 Q1-22 figures have been restated on a pro forma basis to account for the application of IFRS 17 (see note on methodology)
2 Excluding exceptional items
3 Income on regulated savings has been restated from the net interest margin and included in commissions

3.1.3 Financial Solutions & Expertise

€m[1]	Q1-23	% Change[2]
Net banking income	315	7%
Operating expenses	(157)	6%
Gross operating income	**158**	**8%**
Cost of risk	(6)	(52)%
Income before tax	**151**	**14%**
Exceptional items	(1)	(60)%
Underlying income before tax	**152**	**12%**
Underlying cost/income ratio	*49,6%*	*0,1pp*

In the Consumer Credit segment, loan outstandings (personal loans and revolving credit) had increased by 9% year-on-year at the end of March 2023.
In Factoring, the positive momentum built up in 2022 continued in the 1st quarter of 2023 with strong growth in factored sales (+6% year-on-year) and average outstandings financed (+11% year-on-year).
Leasing activities enjoyed strong growth in new production (+19% year-on-year) driven by business with the retail banking networks (+27%) and by the integration of the new Eurolocatique healthcare equipment financing subsidiary.
In the Surety & Financial Guarantees business line, gross premiums written were down 9% vs. Q1-22 owing to the significant slowdown in the real estate market.
The Retail Securities Services business posted a 16% year-on-year decline in stock market and mutual fund flows.

In Q1-23, net banking income generated by the Financial Solutions & Expertise business unit was up 7% to 315 million euros, buoyed up by the good performance of its financing business lines.

Operating expenses rose by 6% in Q1-23 to 157 million euros.

The **cost/income ratio**[2] remained stable in Q1-23 at 49.6%.

Gross operating income increased by 8% in Q1-23 to reach a total of 158 million euros.

The **cost of risk** fell by 52% in Q1-23 to 6 million euros.

Reported income before tax stood at 151 million euros in Q1-23, up 14%.

Underlying income before tax came to 152 million euros in Q1-23, up 12%.

1 Q1-22 figures have been restated on a pro forma basis to take account of the application of IFRS 17 (see note on methodology)
2 Excluding exceptional items

3.1.4 Insurance

The results presented below concern the Insurance business unit held directly by BPCE since March 1, 2022.

€m[2]	Q1-23	% Change[3]
Net banking income	180	41%
Operating expenses[4]	(43)	20%
Gross operating income	**137**	**50%**
Income before tax	**139**	**54%**
Exceptional items	(2)	(36)%
Underlying income before tax	**140**	**51%**
Underlying cost/income ratio	*23.0%*	*(3.2)pp*

In Q1-23, premiums[4] declined by 4% to 4 billion euros, with a 6% drop in Life Insurance and Personal Protection insurance and 10% growth in Property & Casualty (P&C) insurance.

Life Insurance **assets under management**[4] reached a total of 86.6 billion euros at the end of March 2023. Since the end of March 2022, they have grown by 4%, with aggregate gross inflows of 3.1 billion euros.
Unit-linked funds accounted for 30% of total assets under management at the end of March 2023 (+1pp vs. end-March 2022) and accounted for 42% of Q1-23 gross inflows (+3pp vs. Q1-22).

In P&C insurance and Personal Protection Insurance, the customer equipment rate of the two retail banking networks reached 33.4% at the end of February 2023 (+0.7pp vs. end-March 2022).

The **P&C combined ratio** stood at 92.6% in Q1-23 (-1.1pp vs. Q1-22).

The **Contractual Service Margin**, introduced by IFRS 17, stood at 3.1 billion euros, up by 0.3 billion euros, reflecting the change in the market value of financial assets.

In Q1-23, net banking income rose by 41% to 180 million euros, reflecting the volatility generated by the application of the new IFRS 17 and 9 standards to insurance activities.

Operating expenses[2] increased by 20% in Q1-23 to 43 million euros.

The **underlying cost/income ratio**[3] improved by 3.2pp in Q1-23 to 23.0%.

Gross operating income increased by 50% in Q1-23 to 137 million euros.

Reported income before tax came to 139 million euros in Q1-23 (+54%).

Underlying income before tax stood at 140 million euros in Q1-23 (+51%).

1 Q1-22 figures have been restated on a pro forma basis to take account of the application of IFRS 17 (see note on methodology)
2 “Operating expenses” corresponds to “non-attributable expenses” under IFRS 17, i.e. all costs that are not directly attributable to insurance contracts
3 Excluding exceptional items
4 Excluding the reinsurance treaty with CNP Assurances

3.1.5 Digital & Payments

The results presented below concern the Payments activity held directly by BPCE since March 1, 2022 and those of Oney Bank.

€m[1]	Q1-23	% Change[2]	% Change at constant scope[3]
Net banking income	205	(11)%	(1)%
o/w Payments	*116*	*(12)%*	*8%*
Operating expenses	(161)	(11)%	1%
o/w Payments	*(94)*	*(17)%*	*3%*
Gross operating income	**44**	**(9)%**	**(7)%**
o/w Payments	*23*	*25%*	*34%*
Cost of risk	(32)	12%	12%
Income before tax	**8**	**(62)%**	**(59)%**
o/w Payments	*18*	*3%*	*11%*
Exceptional items	(5)	90%	
Underlying income before tax	**13**	**(46)%**	**(40)%**
Underlying cost/income ratio	*76.5%*	*(1.3)pp*	

The number of individual and professional customers using Secur'Pass to complete their day-to-day and sensitive transactions in a completely secure environment exceeded the 10-million mark at the end of March 2023 (+3.5% vs. end-December 2022.
At March 31, 2023, 13 million customers had used the Group's websites and mobile applications in the previous 12-month period, including 10.6 million for mobile applications alone (+2% since December 2022). The Group's mobile applications and websites received an average of 55 million visits per week in March 2023 (+10% vs. December 2022). The digital Net Promoter Score (a metric designed to measure customer satisfaction) is at a high level: +50 in Q1-23. The scores obtained by the Group's mobile applications are also high: 4.7/5 on the App Store and 4.6/5 on Google Play at the end of March 2023.

Payments

In the Payment Processing & Solutions business, the number of mobile payment transactions devices continued to grow at an ever faster rate (multiplied by a factor of 2 vs. Q1-22); the number of card transactions has grown by 10.6% compared with Q1-22.
In the Digital segment, business volumes continued to enjoy strong growth for global retailers (+28% vs. Q1-22) and for small and medium-sized businesses (+27% vs. Q1-22), under the single PayPlug brand. Business activities were driven by all customer segments and distribution channels (direct customers, BP and CE retail banking networks, Oney).

At constant scope excluding Bimpli, net banking income was up 8% vs. Q1-22 and operating expenses, which were kept under tight management, were up 3%.

Oney Bank

Oney Bank recorded a 6% increase in new loan production in Q1-23.
In the BtoBtoC segment, business was driven by the "Buy Now Pay Later" solution, and all the main markets benefited from the partnerships signed in 2022 and the rollout of CB long loans. The tightening of lending criteria led to a 15% decline in BtoC loan production, chiefly in France.

Revenues were down 10% in Q1-23, impacted by higher funding costs.
In Q1-23, the cost-cutting plan led to a 4% reduction in expenses.
The cost of risk increased by 12% vs. Q1-22 in line with the increase in new loan production.

In Q1-23, the **net banking income** generated by the business unit fell by 11% to 205 million euros and by 1% on a constant basis of structure[1].

The business unit's **operating expenses** fell by 11% to 161 million euros in Q1-23 and increased by a marginal 1% on a constant basis of structure[1].

This led to a 1.3pp improvement in the **cost/income ratio[2]**, which stood at 76.5% in Q1-23.

Gross operating income fell by 9% in Q1-23 to 44 million euros and by 7% on a constant basis of structure[1].

The cost of risk increased by 12% in Q1-23 to 32 million euros.

Reported income before tax was down 62% to 8 million euros in Q1-23 and down 59% on a constant basis of structure[1].

Underlying income before tax was down 46% in Q1-23 and down 40% on a constant basis of structure[1].

1 Excluding Bimpli, acquired by Swile in December 2022 (constant basis of structure).
2 Excluding exceptional items

3.2 Global Financial Services

The GFS business unit includes the Asset & Wealth Management activities and the Corporate & Investment Banking activities of Natixis.

€m[1]	Q1-23	% Change	Constant Fx % change
Net banking income	1,822	2%	0%
o/w AWM	*784*	*(4)%*	*(6)%*
o/w CIB	*1,038*	*7%*	*6%*
Operating expenses	(1,303)	2%	0%
o/w AWM	*(642)*	*0%*	*(3)%*
o/w CIB	*(662)*	*5%*	*4%*
Gross operating income	**519**	**2%**	**0%**
Cost of risk	27	ns	
Income before tax	**590**	**34%**	
Exceptional items	(10)	ns	
Underlying income before tax	**601**	**40%**	
Underlying cost/income ratio	*71.0%*	*(0.2)pp*	

In Q1-23, revenues increased by 2% to reach 1,822 million euros (and remained stable at constant exchange rates).

Operating expenses rose by 2% in Q1-23 to 1,303 million euros (and remained stable at constant exchange rates).

The **cost/income ratio[1]** stood at 71.0%, representing a 0.2pp improvement vs. Q1-22.

Gross operating income increased by 2% in Q1-23 to 519 million euros (stable at constant exchange rates).

The **cost of risk** stood at 27 million euros in Q1-23.

Reported income before tax enjoyed 34% growth, rising to 590 million euros in Q1-23.

Underlying income before tax increased by 40% to reach 601 million euros in Q1-23.

1 Excluding exceptional items

3.2.1 Asset & Wealth Management

The Asset & Wealth Management business unit includes the Asset & Wealth Management activities of Natixis

€m[3]	Q1-23	% Change
Net banking income	784	(4)%
Operating expenses	(642)	0%
Gross operating income	**142**	**(15)%**
Income before tax	**189**	**0%**
Exceptional items	(9)	ns
Underlying income before tax	**198**	**11%**
Underlying cost/income ratio	*80.7%*	*2.1pp*

In Asset Management[3], **assets under management[1]** came to a total of 1,112 billion euros at March 31, 2023, up 3% quarter-on-quarter in Q1-23, benefitting from positive net inflows and a significant positive market effect.

Asset Management **net inflows[1]** in Q4-22 reached 1.4 billion euros, including 3.3 billion euros of net inflows in long-term products driven by North American and European affiliates. As expected, clients are reallocating their investments to fixed-income products. Net inflows in private assets remained positive, albeit at a slower pace.

In Asset Management[1], the **total fee rate** (excluding performance fees) in Q1-23 stood at 25.2bps (+0.7bp YoY), of which 38.1bps if insurance-related asset management is excluded (+0.2bp YoY).

In Q1-23, net banking income generated by the Asset & Wealth Management business unit amounted to 784 million euros, down 4% (-6% at constant exchange rates) owing to the decline in management fees over the year following the drop in average assets under management (-10%[2] at constant exchange rates vs. Q1-22). The decrease in performance fees (-60% vs. Q1-22) was partially offset by higher financial income in Q1-23 (chiefly related to seed money and dividends).

Operating expenses for the business unit remained stable in Q1-23 (-3% at constant exchange rates) at 642 million euros, and included a decrease in variable compensation partially offset by an increase in other operating expenses (mainly IT costs, travel and entertainment expenses).

The **cost/income ratio[2]** deteriorated by 2.1pp to stand at 80.7% in Q1-23.

Gross operating income came to 142 million euros, down 15% in Q1-23.

Reported income before tax remained stable at 189 million euros in Q1-23. It includes capital gains of 41 million euros related to the sale of a US affiliate (AlphaSimplex).

Underlying income before tax rose by 11% to 198 million euros in Q1-23.

1 Asset Management: Europe includes Dynamic Solutions and Vega IM; North America includes WCM IM
2 Excluding exceptional items

3.2.2 Corporate & Investment Banking

The Corporate & Investment Banking (CIB) business unit includes the Global markets, Global finance, Investment banking and M&A activities of Natixis.

€m[2]	Q1-23	% Change
Net banking income	1,038	7%
Operating expenses	(662)	5%
Gross operating income	**376**	**11%**
Cost of risk	21	ns
Income before tax	**401**	**59%**
Exceptional items	(1)	ns
Underlying income before tax	**402**	**60%**
Underlying cost/income ratio	*63.6%*	*(1.4)pp*

Global markets revenues increased thanks to diversification and the strong performance of FICT year-on-year) and Investment banking & M&A activities (with year-on-year growth of +12% and +14% respectively).

FICT revenues reached 372 million euros in Q1-23, up 14%. This strong performance is linked to the very dynamic activities generated by the Fixed Income business that benefits from interest rate volatility and whose results offset the decline in revenues from the Commodities business.
For the Equity business line, revenues amounted to 159 million euros in Q1-23, down 13% year-on-year compared with a record level in Q1-22. Revenues rose 40% vs. Q4-22 thanks to good commercial momentum, particularly in business with the Group's retail banking customers.

With regard to Global finance, revenues in Q1-23 were down (-8%) at 346 million euros. The good performance achieved once again by Trade finance partially offset the decline in revenues from Real Assets.

Investment Banking posted a resilient level of revenues at 61 million euros in Q1-23, down 10% year-on-year, a result chiefly due to a lower contribution from the Acquisition & Strategic Finance activity and the slowdown in the primary equity market.

As far as M&A activities are concerned, revenues were up 51% year-on-year in Q1-23 thanks to sustained activity in M&A boutiques.

In Q1-23, net banking income generated by the Corporate & Investment Banking division was up 7% to 1,038 million euros (+6% at constant exchange rates).

Operating expenses were up 5% in Q1-23 to 662 million euros (+4% at constant exchange rates).

As a result of this positive jaws effect, the **cost/income ratio**[1] improved by 1.4 percentage points to stand at 63.6% in Q1-23.

Gross operating income rose by 11% in Q1-23 to 376 million euros.

The **cost of risk** stood at 21 million euros in Q1-23.

Reported income before tax was up 59% to 401 million euros in Q1-23.

Underlying income before tax was up 60% to stand at 402 million euros in Q1-23.

1 Excluding exceptional items

GROUPE BPCE

ANNEXES

Notes on methodology

Presentation of the pro-forma quarterly results

The main pro-forma restatement concerns the transition to IFRS 17. Data for Q1-22 has been recalculated under IFRS 17 to obtain a like-for-like basis of comparison.

New management standards adopted by Natixis (normative allocation of capital to the business lines) have led to a recalculation of the data for the 2022 quarterly series.

The tables showing the transition from reported Q1-22 to pro-forma Q1-22 are presented on annexes.

IFRS 17/IFRS 9

Groupe BPCE has applied the provisions of IFRS 17 pertaining to insurance contracts since January 1, 2023, as well as IFRS 9 for insurance entities.

IFRS 17 replaces IFRS 4 and is applicable retroactively, with the implementation of pro-forma financial statements for comparative data for the 2022 financial year (different profit recognition rates between the two standards).

IFRS 9 replaces IAS 39 by modifying the principles for the valuation of the financial assets of insurers using the same rules as those applied by banks since January 1, 2018. It applies in the same way considering the temporary exemption enjoyed by insurance entities. Groupe BPCE has elected to apply the provisions of IFRS 9 for the 2022 comparative data.

IFRS 17 provides for the estimation at inception of the Contractual Service Margin (CSM) of a group of insurance contracts recognized in the balance sheet and which is then amortized in the income statement (in Net Banking Income) as and when the service is rendered. This margin takes account, in particular, of the related overheads.

Insurance liabilities are recognized at present value.

Income and expenses relating to ceded insurance and reinsurance contracts are presented separately in Net Banking Income.

General expenses relating to insurance contracts are presented by destination as a deduction from Net Banking Income.

The cost of credit risk on financial investments in insurance activities is isolated on a separate line in the insurance aggregates in Net Banking Income.

Creation of the Digital & Payments sub-segment

The Payments and Oney business lines have been brought together within a single Digital & Payments sub-segment.

Segment information for previous quarters has been restated accordingly. These internal transactions have no impact on the Group's financial statements.

Internal transfer

Crédit Foncier's subsidiary, Banco Primus (Corporate center) was transferred to BPCE Financement (Financial Solutions & Expertise business unit within RB&I).

Segment information for previous quarters has been restated accordingly. These internal transactions have no impact on the Group's financial statements.

Exceptional items

Exceptional items and the reconciliation of the reported income statement to the underlying income statement of Groupe BPCE are detailed in the annexes.

Net banking income

Customer net interest income, excluding regulated home savings schemes, is computed on the basis of interest earned from transactions with customers, excluding net interest on centralized savings products (*Livret A, Livret Développement Durable, Livret Épargne Logement* passbook savings accounts) in addition to changes in provisions for regulated home purchase savings schemes. Net interest on centralized savings is assimilated to commissions.

Operating expenses

Operating expenses correspond to the aggregate total of the "Operating Expenses" (as presented in the Group's 2022 universal registration document, note 4.7 appended to the consolidated financial statements of Groupe BPCE) and "Depreciation, amortization and impairment for property, plant and equipment and intangible assets."

Cost/income ratio

Groupe BPCE's cost/income ratio is calculated on the basis of net banking income and operating expenses excluding exceptional items, the latter being restated to account for the Single Resolution Fund (SRF) booked in the Corporate center division. The calculations are detailed in the annexes.

Business line cost/income ratios are calculated on the basis of underlying net banking income and operating expenses.

Cost of risk

The cost of risk is expressed in basis points and measures the level of risk per business line as a percentage of the volume of loan outstandings; it is calculated by comparing net provisions booked with respect to credit risks of the period to gross customer loan outstandings at the beginning of the period.

Loan outstandings and deposits & savings

Restatements regarding transitions from book outstandings to outstandings under management are as follows:

- Loan outstandings: the scope of outstandings under management does not include securities classified as customer loans and receivables and other securities classified as financial operations,
- Deposits & savings: the scope of outstandings under management does not include debt securities (certificates of deposit and savings bonds).

Capital adequacy

Common Equity Tier 1 is determined in accordance with the applicable CRR II/CRD V rules, after deductions.

Additional Tier-1 capital takes account of subordinated debt issues that have become non-eligible and subject to ceilings at the phase-out rate in force.

The leverage ratio is calculated in accordance with the applicable CRR II/CRD V rules. Centralized outstandings of regulated savings are excluded from the leverage exposures as are Central Bank exposures for a limited period of time (pursuant to ECB decision 2021/27 of June 18, 2021).

Total loss-absorbing capacity

The amount of liabilities eligible for inclusion in the numerator used to calculate the Total Loss-Absorbing Capacity (TLAC) ratio is determined by article 92a of CRR. Please note that a quantum of Senior Preferred securities has not been included in our calculation of TLAC.

This amount is consequently comprised of the 4 following items:

- Common Equity Tier 1 in accordance with the applicable CRR II/CRD IV rules,
- Additional Tier-1 capital in accordance with the applicable CRR II/CRD IV rules,
- Tier-2 capital in accordance with the applicable CRR II/CRD IV rules,
- Subordinated liabilities not recognized in the capital mentioned above and whose residual maturity is greater than 1 year, namely:
    - The share of additional Tier-1 capital instruments not recognized in common equity (i.e. included in the phase-out),
    - The share of the prudential discount on Tier-2 capital instruments whose residual maturity is greater than 1 year,
    - The nominal amount of Senior Non-Preferred securities maturing in more than 1 year.

Liquidity

Total liquidity reserves comprise the following:

- Central bank-eligible assets include: ECB-eligible securities not eligible for the LCR, taken for their ECB valuation (after ECB haircut), securities retained (securitization and covered bonds) that are available and ECB-eligible taken for their ECB valuation (after ECB haircut) and private receivables available and eligible for central bank funding (ECB and the Federal Reserve), net of central bank funding,
- LCR eligible assets comprising the Group’s LCR reserve taken for their LCR valuation,
- Liquid assets placed with central banks (ECB and the Federal Reserve), net of US Money Market Funds deposits and to which fiduciary money is added.

Short-term funding corresponds to funding with an initial maturity of less than, or equal to, 1 year and the short-term maturities of medium-/long-term debt correspond to debt with an initial maturity date of more than 1 year maturing within the next 12 months.

Customer deposits are subject to the following adjustments:

- Addition of security issues placed by the Banque Populaire and Caisse d’Epargne retail banking networks with their customers, and certain operations carried out with counterparties comparable to customer deposits
- Withdrawal of short-term deposits held by certain financial customers collected by Natixis in pursuit of its intermediation activities.

Digital indicators

The number of active customers using mobile apps or websites corresponds to the number of customers who have made at least one visit via one of the digital channels (mobile apps or website) over the last 12 months.
The number of visits corresponds to the average number of visits (all markets combined) via mobile apps and websites for the BP and CE over a 7-day period since the beginning of the year.
The Digital NPS is the recommendation score awarded by customers on the digital customer spaces weighted according to the weight of the spaces (web/mobile). It corresponds to the customer's net promoter score ranging between -100 and +100. The NPS is calculated over a sliding 3-month period.
The scores on the App Store or Google Play online stores correspond to the average of the scores awarded by users at the end of the period in question.
The number of ***Secur'Pass*** customers corresponds to the number of customers in the private, professional and corporate customer markets who have adopted the Secur'Pass solution.
The number of external transfers made via Instant Payment corresponds to the number of instant fund transfers carried out during the quarter from one account to another IBAN-numbered account held by a beneficiary located in the SEPA zone.
The percentage of local payment transactions made using contactless technology is calculated using the number of local payments and ATM operations to the exclusion of e-commerce transactions.

Business line indicators – Oney Bank

BtoC: financing solutions distributed directly to customers. This line includes personal loans and revolving credit.
BtoBtoC: payment and financing solutions distributed to customers through partners and retail chains. This line includes split payment, ‘Buy Now Pay Later’, and assigned credit solutions.

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Reconciliation of Q1-22 data to pro forma data

Groupe BPCE	Q1-22 pf						
In millions of euros	Net banking income	Operating expenses	Cost of risk	Share in net income of associates	Gains or losses on other assets	Income before tax	Net income - Group share
Reported figures	**6,575**	**(4,961)**	**(424)**	**17**	**37**	**1,244**	**785**
IFRS 17	(426)	376	13	(1)		(38)	(29)
Pro forma figures	**6,149**	**(4,585)**	**(411)**	**16**	**37**	**1,206**	**755**

Retail banking and Insurance	Q1-22 pf						
In millions of euros	Net banking income	Operating expenses	Cost of risk	Share in net income of associates	Gains or losses on other assets	Income before tax	Net income - Group share
Reported figures	**4,627**	**(2,856)**	**(343)**	**12**	**5**	**1,444**	**1,076**
IFRS 17	(422)	375	13	(2)		(36)	(27)
Pro forma figures	**4,205**	**(2,481)**	**(330)**	**10**	**5**	**1,409**	**1,049**

Global financial services	Q1-22 pf						
In millions of euros	Net banking income	Operating expenses	Cost of risk	Share in net income of associates	Gains or losses on other assets	Income before tax	Net income - Group share
Reported figures	**1,782**	**(1,275)**	**(85)**	**3**	**15**	**441**	**313**
Guarantees	(2)					(2)	(1)
New rules	2					2	1
Pro forma figures	**1,782**	**(1,275)**	**(85)**	**3**	**15**	**440**	**313**

Corporate center	Q1-22 pf						
In millions of euros	Net banking income	Operating expenses	Cost of risk	Share in net income of associates	Gains or losses on other assets	Income before tax	Net income - Group share
Reported figures	**166**	**(830)**	**4**	**2**	**18**	**(640)**	**(604)**
Guarantees	2					2	1
New rules	(2)					(2)	(1)
IFRS 17	(5)	1		1		(2)	(2)
Pro forma figures	**162**	**(829)**	**4**	**3**	**18**	**(643)**	**(606)**

Q1-23 & Q1-22 results: reconciliation of reported data to alternative performance measures

€m		Net banking income	Operating expenses	Cost of risk	Gains or losses on other Assets	Income before tax	Net income - Group share
Reported Q1-23 results		**5,815**	**(4,587)**	**(326)**	**49**	**968**	**533**
Transformation and reorganization costs	*Business lines/ Corporate center*	4	(56)	2		(49)	(36)
Disposals	*Business lines*		0		(1)	(1)	0
Q1-23 results excluding exceptional items		**5,810**	**(4,531)**	**(329)**	**49**	**1,018**	**570**

€m		Net banking income	Operating expenses	Cost of risk	Gains or losses on other assets	Income before tax	Net income - Group share
Pro forma Q1-22 results		**6,149**	**(4,585)**	**(411)**	**37**	**1,206**	**755**
Transformation and reorganization costs	*Business lines/ Corporate center*	3	(76)	0	21	(52)	(33)
Disposals	*Corporate center*	0	2	0	14	16	15
Pro forma Q1-22 results excluding exceptional items		**6,146**	**(4,511)**	**(411)**	**3**	**1,243**	**773**

Groupe BPCE: underlying cost to income ratio excluding SRF

€m	Net banking income	Operating expenses	Cost income ratio
Q1-23 reported figures	**5,815**	**(4,587)**	
Impact of exceptional items	4	(56)	
SRF		(585)	
Q1-23 underlying figures excluding SRF	**5,810**	**(3,946)**	**67.9%**

€m	Net banking income	Operating expenses	Cost income ratio
Q1-22 pro forma reported figures	**6,149**	**(4,585)**	
Impact of exceptional items	3	(74)	
SRF		(596)	
Q1-22 pro forma underlying figures excluding SRF	**6,146**	**(3,916)**	**63.7%**

Groupe BPCE: quarterly income statement per business line

	RETAIL BANKING & INSURANCE		GLOBAL FINANCIAL SERVICES		CORPORATE CENTER		GROUPE BPCE		
€m	Q1-23	Q1-22pf	Q1-23	Q1-22pf	Q1-23	Q1-22pf	Q1-23	Q1-22pf	%
Net banking income	3,891	4,205	1,822	1,782	102	162	5,815	6,149	(5)%
Operating expenses	(2,496)	(2,481)	(1,303)	(1 275)	(788)	(829)	(4,587)	(4,585)	0%
Gross operating income	**1,395**	**1,724**	**519**	**507**	**(686)**	**(667)**	**1,228**	**1,564**	**(22)%**
Cost of risk	(308)	(330)	27	(85)	(46)	4	(326)	(411)	(21)%
Income before tax	**1,107**	**1,409**	**590**	**440**	**(729)**	**(643)**	**968**	**1,206**	**(20)%**
Income tax	(269)	(355)	(146)	(115)	(10)	37	(425)	(434)	(2)%
Non-controlling interests	2	(5)	(12)	(12)	0	0	(9)	(17)	(46)%
Net income – Group share	**840**	**1,049**	**432**	**313**	**(739)**	**(606)**	**533**	**755**	**(29)%**

Groupe BPCE: quarterly series

	GROUPE BPCE				
€m	Q1-22pf	Q2-22	Q3-22	Q4-22	Q1-23
Net banking income	6,149	6,569	6,309	6,252	5,815
Operating expenses	(4,585)	(4,250)	(4,258)	(4,608)	(4,587)
Gross operating income	**1,564**	**2,319**	**2,051**	**1,644**	**1 228**
Cost of risk	(411)	(457)	(347)	(772)	(326)
Income before tax	**1,206**	**1,886**	**1,732**	**885**	**968**
Net income – Group share	**755**	**1,329**	**1,288**	**549**	**533**

Consolidated balance sheet

ASSETS €m	March 31, 2023
Cash and amounts due from central banks	147,754
Financial assets at fair value through profit or loss	200,180
Hedging derivatives	11,488
Financial assets at fair value through shareholders' equity	46,300
Financial assets at amortized cost	28,534
Loans and receivables due from credit institutions and similar at amortized cost	103,765
Loans and receivables due from customers at amortized cost	828,560
Revaluation difference on interest rate risk-hedged portfolios	(6,129)
Financial investments of insurance activities	97,086
Insurance contracts written - Assets	1,229
Reinsurance contracts ceded - Assets	8,849
Current tax assets	760
Deferred tax assets	4,844
Accrued income and other assets	16,832
Non-current assets held for sale	134
Deferred profit sharing	0
Investments in associates	1,606
Investment property	751
Property, plant and equipment	5,925
Intangible assets	1,092
Goodwill	4,252
TOTAL ASSETS	**1,503,813**

LIABILITIES €m	March 31, 2023
Amounts due to central banks	6
Financial liabilities at fair value through profit or loss	191,705
Hedging derivatives	15,545
Debt securities	255,972
Amounts due to credit institutions	103,927
Amounts due to customers	702,072
Revaluation difference on interest rate risk-hedged portfolios	340
Current tax liabilities	1,920
Deferred tax liabilities	2,020
Accrued expenses and other liabilities	23,237
Liabilities associated with non-current assets held for sale	114
Liabilities related to insurance contracts	98,113
Reinsurance contracts ceded - Liabilities	143
Provisions	4,714
Subordinated debt	20,452
Shareholders' equity	**83,534**
Equity attributable to equity holders of the parent	*83,070*
Non-controlling interests	*464*
TOTAL LIABILITIES	**1,503,813**

Retail Banking & Insurance: quarterly income statement

	BANQUE POPULAIRE NETWORK			CAISSE D'EPARGNE NETWORK			FINANCIAL SOLUTIONS & EXPERTISE			INSURANCE			DIGITAL & PAYMENTS			OTHER NETWORK			RETAIL BANKING & INSURANCE		
€m	Q1-23	Q1-22pf	%	Q1-23	Q1-22pf	%	Q1-23	Q1-22pf	%	Q1-23	Q1-22pf	%	Q1-23	Q1-22pf	%	Q1-23	Q1-22pf	%	Q1-23	Q1-22pf	%
Net banking income	1,557	1,713	(9)%	1,536	1,755	(12)%	315	295	7%	180	127	41%	205	231	(11)%	97	84	16%	3,891	4,205	(7)%
Operating expenses	(1,018)	(1,003)	2%	(1,065)	(1,062)	0%	(157)	(149)	6%	(43)	(36)	20%	(161)	(182)	(11)%	(51)	(50)	2%	(2,496)	(2,481)	1%
Gross operating income	**539**	**711**	**(24)%**	**471**	**693**	**(32)%**	**158**	**146**	**8%**	**137**	**91**	**50%**	**44**	**49**	**(9)%**	**46**	**34**	**37%**	**1,395**	**1,724**	**(19)%**
Cost of risk	(132)	(154)	(14)%	(136)	(130)	4%	(6)	(13)	(52)%	2	(1)		(32)	(29)	12%	(2)	(5)	(62)%	(308)	(330)	(7)%
Income before tax	**422**	**572**	**(26)%**	**334**	**563**	**(41)%**	**151**	**133**	**14%**	**139**	**90**	**54%**	**8**	**21**	**(62)%**	**52**	**29**	**78%**	**1,107**	**1,409**	**(21)%**
Income tax	(98)	(139)	(29)%	(80)	(149)	(46)%	(40)	(37)	8%	(30)	(19)	58%	(8)	(4)	94%	(13)	(7)	82%	(269)	(355)	(24)%
Non-controlling interests	(4)	(3)	(27)%	(1)	(1)	(34)%	0	0		0	0	ns	7	(1)	ns	0	0		2	(5)	(141)%
Net income - Group share	**320**	**430**	**(25)%**	**253**	**413**	**(39)%**	**112**	**97**	**16%**	**109**	**72**	**52%**	**7**	**16**	**(56)%**	**39**	**22**	**76%**	**840**	**1,049**	**(20)%**

Retail Banking & Insurance: quarterly series

RETAIL BANKING & INSURANCE					
€m	Q1-22pf	Q2-22	Q3-22	Q4-22	Q1-23
Net banking income	4,205	4,630	4,437	4,244	3,891
Operating expenses	(2,481)	(2,819)	(2,756)	(3,008)	(2,496)
Gross operating income	**1,724**	**1,812**	**1,681**	**1,236**	**1,395**
Cost of risk	(330)	(392)	(366)	(652)	(308)
Income before tax	**1,409**	**1,430**	**1,332**	**881**	**1,107**
Net income – Group share	**1,409**	**1,056**	**995**	**680**	**840**

Retail Banking & Insurance: Banque Populaire and Caisse d'Epargne networks quarterly series

BANQUE POPULAIRE NETWORK

€m	Q1-22pf	Q2-22	Q3-22	Q4-22	Q1-23
Net banking income	1,713	1,818	1,771	1,683	1,557
Operating expenses	(1,003)	(1,100)	(1,115)	(1,165)	(1,018)
Gross operating income	**711**	**718**	**656**	**518**	**539**
Cost of risk	(154)	(200)	(166)	(279)	(132)
Income before tax	**572**	**532**	**504**	**248**	**422**
Net income – Group share	**430**	**405**	**380**	**177**	**320**

CAISSE D'EPARGNE NETWORK

€m	Q1-22pf	Q2-22	Q3-22	Q4-22	Q1-23
Net banking income	1,755	1,894	1,812	1,654	1,536
Operating expenses	(1,062)	(1,189)	(1,119)	(1,245)	(1,065)
Gross operating income	**693**	**705**	**693**	**409**	**471**
Cost of risk	(130)	(115)	(152)	(248)	(136)
Income before tax	**563**	**589**	**541**	**166**	**334**
Net income – Group share	**413**	**426**	**398**	**95**	**253**

Retail Banking & Insurance: FSE quarterly series

FINANCIAL SOLUTIONS & EXPERTISE					
€m	Q1-22pf	Q2-22	Q3-22	Q4-22	Q1-23
Net banking income	295	332	321	328	315
Operating expenses	(149)	(163)	(163)	(180)	(157)
Gross operating income	**146**	**169**	**158**	**148**	**158**
Cost of risk	(13)	(27)	(23)	(45)	(6)
Income before tax	**133**	**141**	**135**	**103**	**151**
Net income – Group share	**97**	**107**	**101**	**75**	**112**

Retail Banking & Insurance: Insurance quarterly series

INSURANCE					
€m	Q1-22pf	Q2-22	Q3-22	Q4-22	Q1-23
Net banking income	127	257	207	251	180
Operating expenses	(36)	(129)	(123)	(138)	(43)
Gross operating income	**91**	**128**	**84**	**113**	**137**
Income before tax	**90**	**126**	**84**	**114**	**139**
Net income – Group share	**72**	**86**	**66**	**80**	**109**

Retail Banking & Insurance: Digital & Payments quarterly series

DIGITAL & PAYMENTS						
€m	Q1-22pf	Q1-22pf (at constant scope, excluding Bimpli)	Q2-22	Q3-22	Q4-22	Q1-23
Net banking income	231	207	239	241	240	205
Operating expenses	(182)	(160)	(184)	(187)	(222)	(161)
Gross operating income	**49**	**47**	**54**	**53**	**18**	**44**
Income before tax	**21**	**20**	**24**	**29**	**251**	**8**
Net income – Group share	**16**	**15**	**18**	**21**	**253**	**7**

Retail Banking & Insurance: Other network quarterly series

OTHER NETWORK					
€m	Q1-22pf	Q2-22	Q3-22	Q4-22	Q1-23
Net banking income	84	89	86	88	97
Operating expenses	(50)	(52)	(49)	(58)	(51)
Gross operating income	**34**	**37**	**37**	**30**	**46**
Cost of risk	(5)	(19)	0	(32)	(2)
Income before tax	**29**	**19**	**39**	**0**	**52**
Net income – Group share	**22**	**14**	**29**	**0**	**39**

Global Financial Services: quarterly income statement per business line

	ASSET AND WEALTH MANAGEMENT		CORPORATE & INVESTMENT BANKING		GLOBAL FINANCIAL SERVICES		
€m	Q1-23	Q1-22pf	Q1-23	Q1-22pf	Q1-23	Q1-22pf	%
Net banking income	784	812	1 038	970	1,822	1,782	2%
Operating expenses	(642)	(644)	(662)	(631)	(1,303)	(1,275)	2%
Gross operating income	**142**	**168**	**376**	**339**	**519**	**507**	**2%**
Cost of risk	6	6	21	(90)	27	(85)	ns
Net gains or losses on other assets	41	15	0	0	41	15	ns
Income before tax	**189**	**189**	**401**	**252**	**590**	**440**	**34%**
Net income – Group share	**138**	**126**	**294**	**187**	**432**	**313**	**38%**

Global Financial Services: quarterly series

GLOBAL FINANCIAL SERVICES					
€m	Q1-22pf	Q2-22	Q3-22	Q4-22)	Q1-23
Net banking income	1,782	1,769	1,692	1,863	1,822
Operating expenses	(1,275)	(1,252)	(1,265)	(1,376)	(1,303)
Gross operating income	**507**	**517**	**427**	**487**	**519**
Cost of risk	(85)	(84)	(19)	(60)	27
Income before tax	**440**	**436**	**411**	**432**	**590**
Net income – Group share	**313**	**315**	**293**	**296**	**432**

Asset & Wealth Management: quarterly series

ASSET & WEALTH MANAGEMENT					
€m	Q1-22pf	Q2-22	Q3-22	Q4-22	Q1-23
Net banking income	812	814	796	928	784
Operating expenses	(644)	(650)	(640)	(704)	(642)
Gross operating income	**168**	**164**	**156**	**224**	**142**
Cost of risk	6	(6)	4	1	6
Income before tax	**189**	**158**	**160**	**226**	**189**
Net income – Group share	**126**	**111**	**109**	**145**	**138**

Corporate & Investment Banking: quarterly series

CORPORATE & INVESTMENT BANKING					
€m	Q1-22pf	Q2-22	Q3-22	Q4-22	Q1-23
Net banking income	970	955	897	935	1 038
Operating expenses	(631)	(602)	(626)	(671)	(662)
Gross operating income	**339**	**353**	**271**	**263**	**376**
Cost of risk	(90)	(78)	(23)	(61)	21
Income before tax	**252**	**278**	**250**	**206**	**401**
Net income – Group share	**187**	**204**	**185**	**151**	**294**

Corporate center: quarterly series

CORPORATE CENTER €m	Q1-22pf	Q2-22	Q3-22	Q4-22	Q1-23
Net banking income	162	170	179	146	102
Operating expenses	(829)	(179)	(236)	(224)	(788)
Gross operating income	**(667)**	**(9)**	**(57)**	**(79)**	**(686)**
Cost of risk	4	18	38	(60)	(46)
Share in income of associates	3	3	(1)	(31)	2
Net gains or losses on other assets	18	8	10	(18)	(0)
Income before tax	**(643)**	**20**	**(11)**	**(429)**	**(729)**
Net income – Group share	**(606)**	**(42)**	**0**	**(427)**	**(739)**

GROUPE BPCE

DISCLAIMER

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

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

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The financial information presented in this document relating to the fiscal period ended March 31, 2023 has been drawn up in compliance with IFRS standards, as adopted in the European Union.

This financial information is not the equivalent of summary financial statements for an interim period as defined by IAS 34 "Interim Financial Reporting".

Preparation of the financial information requires Management to make estimates and assumptions in certain areas regarding uncertain future events. These estimates are based on the judgment of the individuals preparing this financial information and the information available at the date of the balance sheet. Actual future results may differ from these estimates.

The war in Ukraine has led to heightened volatility in the markets and greater political tensions around the world.

Uncertainty about the development of the situation can have significant adverse effects on macroeconomic and market conditions and may create uncertainty about forward-looking statements.

The transition from IFRS 4 to IFRS 17 may create differences due to different recognition rates in revenues.

With respect to the financial information of Groupe BPCE for the quarter ended March 31, 2023, and in view of the context mentioned above, attention should be drawn to the fact that the estimated increase in credit risk and the calculation of expected credit losses (IFRS 9 provisions) are largely based on assumptions that depend on the macroeconomic context.

The financial results contained in this document have not been reviewed by the statutory auditors. The quarterly financial information of Groupe BPCE for the period ended March 31, 2023, approved by the Management Board at a meeting convened on May 2, 2023, were verified and reviewed by the Supervisory Board at a meeting convened on May 3, 2023.

About Groupe BPCE

Groupe BPCE is the second-largest banking group in France. Through its 100,000 staff, the group serves 36 million customers – individuals, professionals, companies, investors and local government bodies – around the world. It operates in the retail banking and insurance fields in France via its two major networks, Banque Populaire and Caisse d'Epargne, along with Banque Palatine and Oney. It also pursues its activities worldwide with the asset & wealth management services provided by Natixis Investment Managers and the wholesale banking expertise of Natixis Corporate & Investment Banking. The Group's financial strength is recognized by four financial rating agencies: Moody's (A1, stable outlook), Standard & Poor's (A, stable outlook), Fitch (A+, negative outlook) and R&I (A+, stable outlook).

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