

Paris, August 3, 2020

Results for the 2nd quarter and 1st half of 2020

Financial strength, resilient business activities, tight cost control, and prudent forward-looking provisioning

H1-20: net banking income €10.7bn, reported net income¹ €415m, underlying net income¹ €854m, down 52.5% including a substantial rise in cost of risk due to prudent forward-looking provisioning

Retail Banking & Insurance: rebound in business activities in June 2020, 0.7% growth in net banking income and 2% increase in gross operating income in H1-20 thanks to tight cost control.

- Loan outstandings: dynamic new loan production in the retail networks with year-on-year growth of 12.6% for the Banques Populaires and 8.8% for the Caisses d'Epargne
- Active support for corporate and professional customers via State-guaranteed loans: €21bn disbursed by the two retail banking networks to more than 150,000 customers
- Financial Solutions & Expertise: 0.6% growth in net banking income in H1-20 thanks to the dynamism of activities with the retail banking networks. Strict cost control (expenses down -1.6%), producing a positive jaws effect
- Insurance: strong revenue growth of +8.9% in H1-20, validating the strategy focused on integrating the full range of expertise

Asset & Wealth Management: high level of net inflows in Q2-20 at €16bn, driven by both Europe and the US

- Assets under management of €906bn at end-June 2020 vs. €828bn end-March 2020
- Net banking income down 13.3% in H1, due notably to decrease in performance fees and seed money mark down

Corporate & Investment Banking: good performance achieved by the Global Finance, Fixed Income, and Investment Banking businesses altered by losses in Equity Derivatives, under strategic review; strict cost control

- Global markets: net banking income down 27% in H1 due to significant impact in the Equity derivatives business with the cancellation of dividends
- Global finance: +8% revenue growth in Q2-20 QoQ; Investment banking & M&A: revenues up 11% vs. Q2-19
- Strong discipline imposed on costs, down 8.4% in Q2-20 year-on-year and by 6.7% in H1-20 at constant exchange rates

Expenses¹: costs declined by -5.7% in Q2-20 and by -2.0% in H1-20, reflecting both tight control over expenses and cost variability

Cost of risk: sharp increase reflecting a prudent provisioning policy

- Low individual cost of risk in the retail networks but cautious provisioning policy in Q2-20 in anticipation of an increase in the cost of risk in the quarters to come
- Cost of risk for the Group stood at 55bps in Q2-20 and 42bps in H1-20, i.e. €1,484m of provisions booked in H1-20 (x2.4 vs H1-19)

Capital adequacy and liquidity: positions substantially above the regulatory requirements and in line with the Group's strategic objectives

- Capital position at June 30, 2020: CET1 ratio² of 15.6%, TLAC ratio² of 23.4% and MREL ratio² of 30.2%
- LCR³ of 156% and liquidity reserves of €319bn at end-June 2020
- 2020 MLT funding plan slightly revised downward to take account of the economic context; nearly 70% of the plan already completed

Continued development of the business lines and drive to streamline the Group

- Major step taken in the creation of an insurance AM leader in Europe
- Divestment of a 29.5% stake in Coface signed in Q1-20
- After successfully implementing the *Digital inside* strategy, disposal of Fidor engaged with the signature of the divestment project⁴

Laurent Mignon, Chairman of the Management Board of Groupe BPCE, made the following statement: "Despite the degraded economic environment resulting, in particular, from the strict lockdown measures imposed on the population in France, the commercial activities of our businesses remained resilient and have enjoyed a return to more normal, even very dynamic, levels since June, with all our customers given active support during this period as illustrated by the disbursement of €24bn in state-guaranteed loans. At the same time, we have taken a major step in the expansion of our business lines with the creation of a European leader in insurance asset management. Groupe BPCE's financial performance in the first half of 2020 demonstrates the relevance of our universal banking model, with good results posted by our Retail Banking & Insurance businesses, allowing to offset the decline in the results generated by our activities more closely linked to developments in the financial markets, notably our Corporate & Investment Banking arm. The financial strength of our Group, with very high level of capital and extremely robust liquidity positions in line with our strategic objectives, the power of our decentralized cooperative business model, and the commitment of all our employees will enable to absorb the effects of this major economic crisis, to define a new strategic roadmap to be presented at the end of June 2021, and to continue financing our customers' projects in all our territories."

¹ See note on methodology, and after restating to account for the impact of IFRIC 21 ² Estimate at end-June 2020 – pro forma taking into account the full activation of the State guarantee (activated with a 2-month time lag required by the Government) relative to the State-Guaranteed loans granted by the Group to its customers, representing a reduction in RWAs of € 6.8bn (around + 25bps) ³ End-of-month average of the Liquidity Coverage Ratio at end-June for the 2nd quarter of 2020 – see note on methodology ⁴ Subject to the information-consultation procedure with the employees' representative bodies and subject to obtaining the necessary approvals from the competent regulatory authorities.

The quarterly financial statements of Groupe BPCE for the period ended June 30, 2020, approved by the Management Board at a meeting convened on July 30, 2020, were verified and reviewed by the Supervisory Board, chaired by Pierre Valentin, at a meeting convened on August 3, 2020

Groupe BPCE, restated figures

Restated figures €m	Q2-20	Q2-19	% Change	H1-20	H1-19	% Change
Net banking income	5,183	5,935	(12.7)%	10,726	11,713	(8.4)%
Operating expenses	(3,837)	(4,051)	(5.3)%	(8,383)	(8,614)	(2.7)%
<i>o/w expenses excluding SRF</i>				(7,983)	(8,238)	(3.1)%
Gross operating income	1,346	1,884	(28.6)%	2,343	3,099	(24.4)%
Cost of risk	(981)	(326)	x3	(1,484)	(619)	x2.4
Gains or losses on other assets	(131)	(3)		(130)	(31)	
Income before tax	282	1,636	(82.8)%	829	2,485	(66.6)%
Income tax	(129)	(529)	(75.7)%	(385)	(982)	(60.8)%
Non-controlling interests	(3)	(161)	(98.2)%	(30)	(229)	(87.0)%
Net income – Group share excl. Coface net contribution	150	945	(84.1)%	415	1,274	(67.5)%
Coface net contribution	(19)	13		(102)	24	
Net income – Group share incl. Coface net contribution	131	958	(86.4)%	312	1,298	(76.0)%

Coface: change in reporting method as at March 31, 2020

Following the divestment announced on February 25, 2020 of a 29.5% stake in Coface, the contribution made by this subsidiary is presented on a separate P&L line: "Coface net contribution."

Exceptional items

m€			T2-20	T2-19 pf	S1-20	S1-19 pf
Revaluation of assets associated with DSN denominated in foreign currencies	Net banking income	Corporate center	2	(4)		1
Contribution to the insurance guarantee fund	Net banking income	Insurance & Corporate center	(9)		(16)	
Transformation and reorganization costs	Operating expenses / Cost of risk / Gains or losses on other assets / Goodwill	Business lines & Corporate center	(212)	(58)	(274)	(300)
Impact of Liban default on ADIR insurance	Associates	Insurance			(14)	
Disposals and impairments	Associates / Gains or losses on other assets	Business lines & Corporate center	(10)		(10)	(40)
Total impact on income before tax	(excl. Coface net contribution)		(229)	(63)	(314)	(338)
Total impact on net income – Group share	(excl. Coface net contribution)		(142)	(32)	(203)	(314)
o/w net impact of the project to dispose Fidor			(88)		(88)	
Coface capital loss	Coface net contribution				(112)	
Coface residual stake impairment	Coface net contribution		(29)	(4)	(36)	
Transformation costs / Goodwill impairment	Coface net contribution					(4)
Total impact on income before tax			(29)	(4)	(148)	(4)
Total impact on net income – Group share			(21)	(2)	(105)	(2)

From an accounting standpoint, the H1-20 Coface capital loss is classified in 'Gain or loss on other assets' and the H1-20 Coface residual stake impairment is listed under 'Share in net income of associates.' See appendices for the reconciliation with the accounting view.

1. Groupe BPCE, underlying performance

Underlying figures €m	Q2-20	Q2-19	% Change	H1-20	H1-19	% Change
Net banking income	5,190	5,939	(12.6)%	10,742	11,712	(8.3)%
Operating expenses	(3,766)	(3,993)	(5.7)%	(8,250)	(8,419)	(2.0)%
<i>o/w expenses excluding SRF</i>				(7,851)	(8,042)	(2.4)%
Gross operating income	1,423	1,947	(26.9)%	2,491	3,293	(24.3)%
Cost of risk	(981)	(326)	x3	(1,484)	(610)	x2.4
Income before tax	511	1,699	(69.9)%	1,143	2,824	(59.5)%
Income tax	(206)	(556)	(63.0)%	(485)	(985)	(50.8)%
Non-controlling interests	(13)	(166)	(92.4)%	(41)	(250)	(83.6)%
Net income – Group share excl. Coface net contribution	292	977	(70.1)%	618	1,589	(61.1)%
Net income – Group share excl. Coface net contribution after IFRIC 21 restatement	188	873	(78.5)%	854	1,796	(52.5)%
<i>Cost/income ratio⁽¹⁾</i>	<i>75.1%</i>	<i>69.4%</i>	<i>5.6pp</i>	<i>74.0%</i>	<i>69.6%</i>	<i>4.4pp</i>

Unless specified to the contrary, the following financial data and related comments refer to the underlying results, i.e. results restated to exclude exceptional items, as presented on page 2. Changes express differences between Q2-20 and Q2-19, H1-20 and H1-19.

Net banking income for Groupe BPCE stood at 5.2 billion euros in Q2-20 and at 10.7 billion euros in H1-20, a result impacted by the health and economic crisis, representing a year-on-year decline of 12.6% in Q2-20 and of 8.3% in H1-20.

In this unprecedented situation, the Retail Banking & Insurance division nevertheless recorded growth of 0.7% in the first half of 2020, buoyed up by its good performance at the beginning of the year and a dynamic rebound in activity after the lockdown period.

The Asset & Wealth Management division suffered from the extreme volatility of the financial markets and saw its revenues contract in H1-20 by 13.3% but in Q2-20 it recorded a high level of net fund inflows of 16 billion euros and, at June 30, 2020, aggregate assets under management stood at more than 900 billion euros.

The business lines pursued by the Corporate & Investment Banking division enjoyed mixed results: the activities of the Fixed Income business stood up well whereas the Equity segment was severely impacted by the cancellation of dividends. The performance of the Global Finance activities, which enjoyed high levels of new production, and of the Investment banking/M&A business were robust, with revenue growth of 8% quarter-on-quarter and 11% year-on-year respectively in Q2-20.

Operating expenses declined by 2.0% in H1-20 compared with H1-19 and, restated to account for the contribution to the Single Resolution Fund, have been trimmed by 2.4%.

In the 2nd quarter of the year, the 5.7% decline in operating expenses compared to the same period last year provides a good illustration of the strict discipline imposed on costs across all the business lines and the flexibility of the cost structure, particularly of Asset Management and the Corporate & Investment Banking division. The decline in operating expenses stood at 6.7% in Q2-20 for the Banque Populaire and Caisse d'Epargne retail banking networks, at 5.8% for the Financial Solutions & Expertise business, at 12.4% for Asset & Wealth Management, and at 8.4% for the Corporate & Investment Banking division. The 2.6% rise in operating expenses for the Insurance business in Q2-20 is due to the continued investment drive in this activity, which boasted a 13.5% increase in revenues over the same period, thereby generating an extremely positive jaws effect.

The cost/income ratio (after restatement to reflect the impact of IFRIC 21) stands at 75.1% (+ 5.6pp) in Q2-20 and at 74.0% in H1-20 (+4.4pp). Gross operating income declined by 26.9% in Q2-20 and by 24.3% in H1-20 to 1,423 million and 2,491 million euros respectively.

The deterioration in the economic environment has led to a substantial rise in the **cost of risk** managed in line with the criteria of a prudent provisioning policy. The amount of provisioning for outstandings rated stage 1 and stage 2 has been revised to take account of both the downturn in the economic outlook and the support measures adopted by the French government. The anticipation of future risks is based on a sectorial approach for the portfolios of corporate and professional customers with stressed assumptions for sensitive sectors.

On a year-on-year basis, the aggregate cost of risk for Groupe BPCE was multiplied by a factor of 3 in Q2-20 to a total of 981 million euros, and it more than doubled in the 1st half of the year to 1,484 million euros, including a specific IFRS 9 forward-looking global provision of 553 million euros.

The Retail Banking & Insurance division recorded a cost of risk of 953 million euros in H1-20. This sum can be broken down into a specific IFRS 9 forward-looking global provision of 447 million euros and provisions for outstandings in stage 3, subject to a more moderate increase. The Corporate & Investment Banking division has seen its cost of risk multiplied by a factor of 3.5 to reach a total of 469 million euros; the rise in provisions chiefly concerns energy exposures and includes an increase in non-performing loans.

The cost of risk for Groupe BPCE in H1-20 stood at 42bps compared with gross customer outstandings (29bps in Q1-20, 55bps in Q2-20) including 16bps with respect to the forward-looking provision (8bps in Q1-20, 23bps in Q2-20). The cost of risk stood at 18bps in H1-19.

In the 1st half of 2020, the cost of risk stood at 34bps for the Retail Banking & Insurance division (17bps in H1-19), of which 16bps regarding forward-looking provision, and at 144bps for Corporate & Investment Banking (42bps in H1-19), of which 30bps regarding forward-looking provision.

The ratio of non-performing loans to gross loan outstandings stood at 2.7% at June 30, 2020, stable compared to end-2019.

Restated net income (Group share) in Q2-20 totaled 131 million euros, down 86.4% compared with Q2-19. In H1-20, it stood at 312 million euros, representing a decline of 76.0% year-on-year.

Net income (Group share) after restating to account for the impact of IFRIC 21 and excluding the net contribution of Coface, stood at 188 million euros in Q2-20 and at 854 million euros in H1-20, down year-on-year by 78.5% and 52.5% respectively.

¹ See note on methodology and after restating to account for the impact of IFRIC 21

2. Capital and loss-absorbing capacity

2.1 CET1¹ level

Groupe BPCE's CET1 ratio^{1,2} at end-June 2020 reached the estimated level of 15.6%, vs. 15.5%¹ at March 31, 2020. Changes for the quarter can be broken down into:

- Retained earnings: +1bp,
- Change in risk-weighted assets (excluding the impact of State-guaranteed loans): +8bps,
- Change in risk-weighted assets related to State-guaranteed loans: -32bps,
- Issue of cooperative shares: +3bps,
- Market impact on OCI changes (revaluation of financial assets at fair value through other comprehensive income): +9bps
- Other changes: +3bps.
- And pro forma of the impact of the immediate activation of guarantees relating to outstanding State-guaranteed loans - granted as at June 30, 2020 (without 2-month time lag required by the Government) : +25bps

Groupe BPCE holds a buffer of 480bps above the 10.82%³ threshold for triggering the maximum distributable amount (MDA):

In response to the crisis and in order to support corporate lending, the relaxation of the rules on capital requirements allows a lower weighting of exposures to SMEs, representing a reduction in RWA estimated at €8.9bn. This rule, not yet taken into account, corresponds to a gain of around 34bps on the CET1 ratio. .

2.2 TLAC ratio¹: target fixed in the 2018-2020 strategic plan already achieved since June 2018

Total loss-absorbing capacity (TLAC) estimated at the end of June 2020 stands at 99.0 billion euros². The TLAC ratio, expressed as a percentage of risk-weighted assets, stands at an estimated 23.4%² at end-June 2020, considerably higher than the FSB requirements of 19.51%, taking into account the cancellation of the CCyB countercyclical capital buffers.

2.3 MREL ratio

Expressed as a percentage of risk-weighted assets at June 30, 2020, Groupe BPCE's MREL ratio stands at 30.2%, well above the minimum requirement of 24.9%⁴.

2.4 Leverage ratio

At June 30, 2020, the leverage ratio¹ was equal to 4.9%⁵.

2.5 Liquidity reserves at high levels

The Liquidity Coverage Ratio (LCR) for Groupe BPCE is well above the regulatory requirements of 100%, standing at 156% on the basis of the average of end-of-month LCRs in the 2nd quarter of 2020.

The volume of liquidity reserves reached 319 billion euros at end-June 2020, representing a high coverage ratio of 248% of short-term financial debts (including short-term maturities of medium-/ long term debt).

2.6 Completion at end-June of approximately 70% of the 2020 medium-/long-term funding plan

The target size of the medium-/long-term funding plan for 2020 was revised downward in this context and lies between 17 and 18 billion euros (excluding structured private placements and asset-backed securities, or ABS) of which 2.6 billion euros in senior non-preferred debt, 5.4 billion euros in senior preferred debt, and 9 to 10 billion euros in covered bonds. The ABS target is 1.5 billion euros.

At June 30, 2020, Groupe BPCE had raised:

- 12.3 billion euros (excluding structured private placements and ABS), including 1.1 billion euros in senior non-preferred debt, 5.1 billion euros in senior preferred debt, and 6.1 billion euros in covered bonds. These amounts represent around 70% of the medium-/long-term funding plan over the corresponding scope,
- 0.4 billion euros in ABS.

On May 19, 2020, Groupe BPCE, working through BPCE SFH, successfully completed the placement of its first Covered Bond issue to refinance energy-efficient homes, for an amount of 1.25 billion euros and a maturity of ten years. The placement was made with an order book of 6.4 billion euros (the most important since 2013), with close to 180 investors present in 20 countries. This success illustrates the confidence renewed by investors in Groupe BPCE for its commitment to financing the energy transition. The transaction received the award of "Euro deal of the year" from The Covered Bond Report.

¹ See notes on methodology ²After deduction of irrevocable payment commitments ³On the basis of regulatory requirements at end-June 2020 concerning the Maximum Distributable Amount (MDA), integrating the cancellation of counter-cyclical capital buffers by the HCSF on April 1st, 2020 and the application of article 104a relating to the CRD5 directive authorized by ECB on April 8, 2020 ⁴Based on the notification of the ACPR dated January 20, 2020 and on estimated TLOF and RWAs as at June 30, 2020 ⁵The leverage ratio would amount to 5.2% after excluding the centralized outstandings of regulated savings from the calculation of the denominator of the ratio, subject to the agreement of the ECB and following the decision dated July 13, 2018 of the General Court of the European Union

3. RESULTS OF THE BUSINESS LINES

Unless specified to the contrary, the following financial data and related comments refer to the underlying results, i.e. results restated to exclude exceptional items, as presented on page 2. Changes express differences between Q2-20 and Q2-19, H1-20 and H1-19.

3.1 Retail Banking & Insurance

Underlying figures €m	Q2-20	% Change	H1-20	% Change
Net banking income	4,083	(0.4)%	8,230	0.7%
Operating expenses	(2,555)	(3.5)%	(5,326)	0.1%
Gross operating income	1,528	5.4%	2,904	2.0%
Cost of risk	(651)	x3	(953)	x2
Income before tax after IFRIC 21 restatement	855	(30.9)%	2,031	(18.1)%
<i>Cost/income ratio⁽¹⁾</i>	63.3%	(2.0)pp	64.0%	(0.5)pp

The first half of 2020 was marked by buoyant growth in new customer loan production and customer deposits & savings. **Loan outstandings** enjoyed year-on-year growth of 10.4% to reach a total of 609 billion euros at end-June 2020, including a 7.6% rise in residential mortgages, an increase of 4.7%² and 6.6% respectively for consumer loans and equipment loans. At end-June 2020, customer **deposits & savings** (excluding centralized regulated savings) stood at 509 billion euros (+14.9%) while sight deposits recorded year-on-year growth of 27.7%.

The **net banking income** generated by the Retail Banking & Insurance division is marginally down in Q2-20 (-0.4% year-on-year) to 4,083 million euros; in H1-20, net banking income rose by 0.7% in H1-20 to 8,230 million euros.

In the 1st half of 2020, the Banque Populaire and Caisse d'Épargne retail banking networks suffered the impact of the health and economic crisis and saw their revenues decline by 1.6% (excluding provisions for home-purchase savings schemes) as did the activities pursued by the Payments business, whose revenues were down 4.6%. Despite this depressed economic environment, the activities pursued by Financial Solutions & Expertise and Banque Palatine stood up well with revenues increasing respectively in H1-20 by 0.6% and 1.6%. The Insurance business continued to expand its activities in synergy with the retail banking networks (revenues +8.9% year-on-year in H1-20).

Operating expenses stood at 2,555 million euros in Q2-20, down by 3.5%. They remained virtually stable in H1-20 for the Retail Banking & Insurance division at 5,326 million euros, including a 3.2% reduction for the Banque Populaire and Caisse d'Épargne networks, a 1.6% decline for Financial Solutions & Expertise and a 6.8% decline for Banque Palatine. The Insurance and Payments businesses recorded higher levels in their operating expenses of 4.8% and 3.0% respectively in H1-20 compared with H1-19 against the wider context of investments made by these businesses designed to boost their development.

The **cost/income ratio** (after restating to account for the impact of IFRIC 21) showed year-on-year improvement of 2.0pp in Q2-20, standing at 63.3% and of 0.5pp in H1-20 at 64.0%.

Thanks, in particular, to the decline in operating expenses and to a positive jaws effect in Insurance and Financial Solutions & Expertise, the **gross operating income** generated by the division enjoyed year-on-year growth both in Q2-20 (+5.4%) and in H1-20 (+2.0%).

The substantial rise in the **cost of risk** reflects the prudent provisioning policy adopted in response to the deterioration in the economic environment; it stood at 651 million euros in Q2-20, i.e. 3 times the level recorded in Q2-19, and 953 million euros in H1-20, double the amount recorded in H1-19. The cost of risk in the 1st half of the year can be broken down as follows: 406 million euros for the Banque Populaire network, 397 million euros for the Caisse d'Épargne network, 50 million euros for the activities pursued by FSE, 46 million euros for Oney Bank and 55 million euros for Banque Palatine.

For the division as a whole, **income before tax** (after restating to account for the impact of IFRIC 21) stands at 2,031 million euros, representing a year-on-year decline of 18.1%.

¹ See note on methodology and after restating to account for the impact of IFRIC 21 ² Excluding consumer loans granted by Oney Bank (9.6% increase if Oney Bank is included)

3.1.1 Banque Populaire retail banking network

The Banque Populaire network comprises the 14 Banque Populaire banks, including CASDEN Banque Populaire and Crédit Coopératif and their subsidiaries, Crédit Maritime Mutuel and the Mutual Guarantee Companies.

Underlying figures €m	Q2-20	% Change	H1-20	% Change
Net banking income	1,514	(6.9)%	3,116	(4.0)%
Operating expenses	(1,009)	(6.8)%	(2,095)	(3.1)%
Gross operating income	505	(7.0)%	1,021	(5.7)%
Cost of risk	(289)	x3.4	(406)	x2.3
Income before tax after IFRIC 21 restatement	213	(54.0)%	654	(30.9)%
Cost/income ratio ⁽¹⁾	67.4%	0.2pp	66.5%	0.4pp

Loan outstandings rose by 12.6% year-on-year to reach a total of 244 billion euros at end-June 2020. **Customer deposits & savings** grew by 12.0% year-on-year to reach 313 billion euros at end-June 2020 (+16.3% for on-balance sheets savings & deposits excluding centralized regulated savings).

In Q2-20, **net banking income** stood at 1,514 million euros, down 6.9% compared to the same period last year. In H1-20, net banking income equaled 3,116 million euros, down 4.0% year-on-year; this figure includes a 4.6% decline in net interest income (excluding provisions for home-purchase savings schemes), which stood at 1,744 million euros, and a 3.2% contraction in commissions, which came to 1,262 million euros.

Operating expenses fell by 6.8% in Q2-20 and by 3.1% in H1-20, triggering a slight increase in the cost/income ratio (after restating to account for the impact of IFRIC 21), rising by 0.2pp in Q2-20 to 67.4% and by 0.4pp in H1-20 to 66.5%.

The **cost of risk** was multiplied by a factor of 3.4 in Q2-20 and by 2.3 in H1-20, reflecting a prudent provisioning policy adopted for the next few quarters (stages 1 and 2 under IFRS9); the cost of risk in Stage 3 remains virtually unchanged. **Income before tax** (after restating to account for the impact of IFRIC 21) declined by 54.0% to 213 million euros in Q2-20 and by 30.9% to 654 million euros in H1-20.

3.1.2 Caisse d'Epargne retail banking network

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

Underlying figures €m	Q2-20	% Change	H1-20	% Change
Net banking income	1,793	(0.4)%	3,509	(1.9)%
Operating expenses	(1,081)	(6.5)%	(2,254)	(3.3)%
Gross operating income	712	10.5%	1,255	0.7%
Cost of risk	(276)	x3	(397)	90.4%
Income before tax after IFRIC 21 restatement	424	(21.3)%	882	(16.8)%
Cost/income ratio ⁽¹⁾	60.9%	(3.9)pp	63.5%	(1.0)pp

Loan outstandings rose by 8.8% on a year-on-year basis, to reach a total of 305 billion euros at end-June 2020 while **customer deposits & savings** grew by 7.9% compared with the same period last year to reach 467 billion euros (+14.5% for on-balance sheet deposits & savings excluding centralized regulated savings).

In Q2-20, **net banking income** stood at 1,793 million euros, a marginal 0.4% year-on-year decline. In H1-20, it stood at 3,509 million euros, reflecting a 1.9% decrease compared with the same period last year; this figure includes a 3.2% decrease in net interest income (excluding provisions for home-purchase savings schemes), which stood at 1,867 million euros, and a marginal 0.2% decline in commissions to 1,576 million euros.

Operating expenses showed a year-on-year reduction of 6.5% in Q2-20 and 3.3% in H1-20. The cost/income ratio (after restating to account for the impact of IFRIC 21) enjoyed an improvement of 3.9pp in Q2-20 and of 1.0pp in H1-20 to respectively to 60.9% and 63.5%. This positive jaws effect resulted in 10.5% growth in **gross operating income** in Q2-20, which rose to 712 million euros and growth of 0.7% in H1-20 to 1,255 million euros.

The **cost of risk** stood at 276 million euros in Q2-20 and at 397 million euros in H1-20, the result of a year-on-year increase of 199.8% and 90.4% respectively to take account of the future impacts of the downturn in the economic environment.

Income before tax (after restating to account for the impact of IFRIC 21) decreased by 16.8% in H1-20 to reach a total of 882 million euros.

¹ See note on methodology and after restating to account for the impact of IFRIC 21

3.1.3 Financial Solutions & Expertise

Underlying figures ⁽¹⁾ €m	Q2-20	% Change	H1-20	% Change
Net banking income	264	(5.5)%	554	0.6%
Operating expenses	(143)	(5.8)%	(301)	(1.6)%
Gross operating income	121	(5.1)%	253	3.3%
Cost of risk	(26)	17.4%	(50)	6.3%
Income before tax after IFRIC 21 restatement	95	(10.0)%	206	3.1%
Cost/income ratio ⁽¹⁾	54.3%	(0.1)pp	53.8%	(1.4)pp

The **net banking income** of the Financial Solutions & Expertise business rose slightly (+0.6%) in the 1st half of 2020 to reach 554 million euros, a result reflecting the dynamism of the division's activities pursued with the Banque Populaire and Caisse d'Épargne retail banking networks at the beginning of the year and the positive rebound in activities since the month of June. The net banking income figure includes a 5.5% decline in Q2-20 compared to Q2-19.

After a sharp slowdown in business during the lockdown, activities revived in June, notably in the Consumer credit and Leasing segments. Personal loan production reached high levels in June, rising by a factor of 51% year-on-year, while new equipment leasing business virtually remained at its 2019 levels (-2%).

In the Sureties & financial guarantees segment, business remained dynamic throughout the 1st half of the year, and gross premiums written with individual customers rose by 12% year-on-year.

In the Factoring segment, business remained resilient in the Banque Populaire and Caisse d'Épargne retail banking networks. Financed average outstandings only fell by 4% in H1-20 compared with H1-19.

The Retail securities services enjoyed record-breaking levels of business with a major increase in the volume of equity market transactions, leading to a 140% increase in the volume of transactions handled in H1-20 compared with H1-19.

Operating expenses remain under tight control with a year-on-year decline of 5.8% in Q2-20 and of 1.6% in H1-20, to reach 143 million euros and 301 million euros respectively. This has led to a 1.4pp drop in the cost/income ratio (after restating to account for the impact of IFRIC 21) to 53.8% in H1-20. **Gross operating income** contracted by 5.1% in Q2-20 compared to the same quarter last year to reach 121 million euros but enjoyed 3.3% growth in the 1st half of the year compared with H1-19.

The **cost of risk** experienced a moderate increase in H1-20 of 6.3% compared with H1-19. In Q2-20, it stood at 26 million euros, up 17.4%.

Income before tax (restated to account for the impact of IFRIC 21) came to 206 million euros in the 1st half of 2020, up by 3.1% on a year-on-year basis.

¹ See note on methodology and after restating to account for the impact of IFRIC 21

3.1.4 Insurance

The results presented below concern the Insurance division of Natixis. Figures specifying the contribution to Groupe BPCE are different from those reported by Natixis. For a more detailed analysis of the business lines and results of Natixis, please refer to the press release published by Natixis that may be consulted online at www.natixis.com

Underlying figures ⁽²⁾ €m	Q2-20	% Change	H1-20	% Change
Net banking income	235	13.5%	463	8.9%
Operating expenses	(117)	2.6%	(250)	4.8%
Gross operating income	119	26.9%	213	14.1%
Income before tax after IFRIC 21 restatement	112	19.0%	224	12.2%
Cost/income ratio ⁽¹⁾	51.7%	(5.2)pp	51.9%	(2.3)pp

Net banking income rose by 13.5% in Q2-20 to 235 million euros and by 8.9% in H1-20 to 463 million euros, building on an effective hedging strategy in the face of the downturn in the equity markets along with moderate claims levels.

Premiums² were down overall in H1-20 to 5.3 billion euros, with a marked decline in life and personal protection insurance (-24%) offset by good growth in P&C insurance (+6%).

Life insurance **assets under management²** totaled 69.4 billion euros at end-June 2020. They grew by 2% in the 1st half of 2020 with net inflows of 0.5 billion euros in euro funds and 1.2 billion euros in unit-linked products.

Unit-linked funds represented 25% of assets under management at June 30, 2020 and 36% of H1-20 gross inflows. In P&C insurance, the equipment rate for the Banque Populaire network reached 27.6% (+0.5pp vs. Q1-20) and that of the Caisse d'Epargne network 30.6% (+0.4pp vs. Q1-20).

Operating expenses increased by a moderate 2.6% in Q2-20 and by 4.8% in H1-20 overall. As a result, the cost/income ratio improved by 5.2pp in Q2-20 to 51.7% and by 2.3pp in H1-20 to 51.9%, while **gross operating income** grew by 26.9% in Q2-20 and by 14.1% in H1-20.

Income before tax (restated for the impact of IFRIC 21) amounted to 112 million euros in Q2-20 (+19.0%) and 224 million euros in H1-20 (+12.2%).

¹ See notes on methodology and after restating to account for IFRIC 21 ² Excluding the reinsurance agreement with CNP

3.1.5 Payments

Figures specifying the contribution to Groupe BPCE are different from those reported by Natixis. For a more detailed analysis of the business lines and results of Natixis, please refer to the press release published by Natixis that may be consulted online at www.natixis.com

Underlying figures €m	Q2-20	% Change	H1-20	% Change
Net banking income	86	(18.1)%	198	(4.6)%
Operating expenses	(93)	(1.2)%	(187)	3.0%
Gross operating income	(7)	ns	12	(56.2)%
Income before tax after IFRIC 21 restatement	(7)	ns	14	(47.0)%

In the Payment Processing & Services business, the number of card transactions decreased significantly during the lockdown period but returned to more normal levels in June.

Within Merchant Solutions, PayPlug benefited from its positioning with customers seeking to diversify their distribution channels towards digital and increased its business volume by a factor of 2.8 year-on-year at end-June 2020.

The activities of Prepaid & Issuing Solutions were impacted by the rise in partial unemployment and the closure of many venues accepting luncheon vouchers during the lockdown period. Business activities in June returned to more normal levels but still remain below those recorded in June 2019.

Net banking income was down 18.1% in Q2-20 to 86 million euros, due to the lockdown measures in France until the month of May. In the 1st half of 2020, it was down 4.6% vs. H1-19.

Operating expenses increased by 3.0% in H1-20 compared to the 1st half of 2019 but include a 1.2% decline in Q2-20 vs. Q2-19.

Gross operating income amounted to 12 million euros in H1-20 (down by 56.2% year-on-year) and down by -7 million euros in Q2-20.

3.1.6 Oney Bank

Underlying figures €m	Q2-20	H1-20
Net banking income	114	224
Operating expenses	(70)	(144)
Gross operating income	44	80
Cost of risk	(22)	(46)
Income before tax after IFRIC 21 restatement	21	34
<i>Cost/income ratio⁽¹⁾</i>	61.6%	64.2%

Despite the lockdown, Oney bank maintained a stable level of new loan production compared to H1 2019 at 1,363 million euros, of which 47% in split payment solutions (up 50% year-on-year), 29% in assigned credit, 16% in revolving credit, and 8% in personal loans.

¹ See note on methodology and after restating to account for the impact of IFRIC 21

3.1.7 Banque Palatine

Loan outstandings rose by 15.1% on a year-on-year basis, at end-June 2020, reflecting support to the real economy.

In S1-20, **net banking income** stood at 165 million euros, increasing by 1.6% year-on-year.

Operating expenses showed a year-on-year reduction of 6.8% in H1-20. This positive jaws effect resulted in 15.7% growth in **gross operating income** in S1-20.

The **cost of risk** stood at 55 million euros in H1-20, the result of a year-on-year increase of 130.4% due to the economic crisis and a forward-looking provisioning of €15m to reflect the downturn in the economic environment.

Income before tax (after restating to account for the impact of IFRIC 21) decreased by 64.3% in H1-20 to reach 16 million euros.

3.2 Asset & Wealth Management

The Asset & Wealth Management business line includes the Asset Management and Wealth Management activities of Natixis. Figures specifying the contribution to Groupe BPCE are different from those reported by Natixis. For a more detailed analysis of the business lines and results of Natixis, please refer to the press release published by Natixis that may be consulted online at www.natixis.com

Underlying figures €m	Q2-20	% Change	H1-20	% Change	Constant Fx % Change
Net banking income	704	(24.4)%	1,478	(13.3)%	(14.4)%
Operating expenses	(530)	(12.4)%	(1,109)	(4.2)%	(5.5)%
Gross operating income	174	(46.7)%	369	(32.6)%	(33.3)%
Income before tax after IFRIC 21 restatement	164	(49.3)%	364	(33.7)%	
Cost/income ratio ⁽¹⁾	75.5%	10.4pp	74.9%	7.1pp	

The 2nd quarter of 2020 was marked by very high inflows thanks to a highly diversified business model in terms of products and customers. **Net inflows**² reached 16 billion euros, the highest level since Q1-2015: in Europe, net inflows reached 9 billion euros with growing success for Mirova in the area of SRI; 7 billion euros came from North American affiliates, including approximately 5 billion euros of net inflows with Asian customers, mainly from fixed income and growth equity strategies. Loomis Sales & Co and WCM delivered solid performances in the quarter.

At June 30, 2020, **Assets under Management**² totaled 906 billion euros in the Asset Management business (excluding employee savings plans), up in the 2nd quarter thanks to net inflows, a positive market effect of 72 billion euros, and a negative foreign exchange and perimeter effect of 10 billion euros.

In Q2-20, the division's net banking income came to a total of 704 million euros, down 24.4% compared with Q2-19, including 668 million euros in Asset Management revenues, down 26% year-on-year, and 36 million euros in Wealth Management revenues, up 12% year-on-year.

In Asset Management, gross base fees were down 12% year-on-year in Q2-20 whereas operating expenses over the same period declined by 14%, illustrating the flexibility of the cost structure inherent in the multi-boutique model. Performance fees amounted to 22 million euros in Q2-20 compared with 138 million euros in Q2-19. Revenues included a 42 million euro markdown on the valuation of the unlisted seed money portfolio, partially offset by a positive 25 million euro impact of the listed part of the portfolio (after a negative impact in Q1-20).

In Asset Management, the fee rate (excluding performance fees) was approximately 28bps overall. The fee rate reached 15bps for European affiliates (27bps excluding general life insurance funds) and 35bps for US affiliates, with lower average assets under management for Harris Associates.

In H1-20, the division's net banking income stood at 1,478 million, down 13.3% year-on-year (-14.4% at constant exchange rates). Asset Management posted a 15% decline in revenues (-16% at constant exchange rates) to 1,401 million euros. In contrast, Wealth Management revenues were up 22% year-on-year to 77 million euros.

Operating expenses for the division were down 12.4% in Q2-20 and down 4.2% in H1-20 (-5.5% at constant exchange rates). The **cost/income ratio**¹ (after restating to account for the impact of IFRIC 21) stood at 75.5% in Q2-20 and at 74.9% in H1-20, up respectively 10.4pp and 7.1pp year-on-year.

Gross operating income amounted to 174 million euros in Q2-20 (down -46.7% vs. Q2-19) and totaled 369 million euros in H1-20 (down -32.6% vs. H1-20, -33.3% at constant exchange rates).

Income before tax (after restating to account for the impact of IFRIC 21) amounted to 164 million euros in Q2-20 and 364 million euros in H1-20.

¹ See notes on methodology and after restating to account for the impact of IFRIC 21 ² Europe notably includes Dynamic Solutions and the assets under management of Vega IM; North America notably includes WCM IM

3.3 Corporate & Investment Banking: revenue diversification with a tight control on expenses

The Corporate & Investment Banking business line (CIB) includes the Global markets, Global finance, Investment banking and M&A activities of Natixis. Figures specifying the contribution to Groupe BPCE are different from those reported by Natixis. For a more detailed analysis of the business lines and results of Natixis, please refer to the press release published by Natixis that may be consulted online at www.natixis.com

Underlying figures €m	Q2-20	% Change	H1-20	% Constant Fx Change	% Change
Net banking income	519	(38.7)%	1,207	(27.0)%	(27.8)%
Operating expenses	(477)	(8.4)%	(1,034)	(6.0)%	(6.7)%
Gross operating income	43	(87.0)%	173	(68.8)%	(69.3)%
Cost of risk	(275)	x2.6	(469)	x3.5	
Income before tax after IFRIC 21 restatement	(239)	(210.3)%	(272)	(161.6)%	
Cost/income ratio ⁽¹⁾	93.6%	31.2pp	84.1pp	18.6pp	

The **net banking income** posted by the Corporate & Investment Banking division fell by 38.7% in Q2-20 to 519 million euros, and declined by 27.0% in H1-20 (-27.8% at constant exchange rates) to 1,207 million euros.

The net banking income figure masks contrasting trends within Global markets and was impacted in particular by the sharp deterioration in Equity revenues, down -174 million euros in Q2-20. The first half of the year was marked for the Equity business line by the cancellation of dividends – which had a negative impact on derivatives valuations of -130 million euros in Q1-20 and of -143 million euros in Q2-20 – as well as by lower customer activity during the lockdown period and higher hedging costs. FIC-T revenues were down slightly in Q2-20 vs. Q2-19, at 279 million euros.

Global Finance revenues, at 326 million euros, were up 8% in Q2-20 vs. Q1-20 and were broadly stable vs. Q2-19, driven by high levels of new originations related to the French economic support measures and higher portfolio revenues offsetting lower syndication fees.

Investment banking and M&A revenues were up 11% in Q2-20 year-on-year to 100 million euros, reflecting the good momentum of DCM activities and the good contribution made by M&A boutiques, notably Natixis Partners and PJ Solomon.

Operating expenses decreased by 8.4% in Q2-20 and by 6.0% in H1-20 overall (-6.7% at current exchange rates) reflecting the cost flexibility inherent in the business model.

Gross operating income decreased to 43 million euros (-87.0% year-on-year) in Q2-20 and to 173 million euros in H1-20 (down -68.8% at current exchange rates, -69.3% at constant exchange rates).

The **cost of risk** amounted to 275 million euros in Q2-20 and 469 million euros in H1-20, a significant year-on-year increase resulting from an increase in provisions for the energy sector and a forward-looking IFRS 9 provision related to the worsening of the economic environment.

As a result, **income before tax** (after restating to account for the impact of IFRIC 21) was -239 million euros in Q2-20 and -272 million euros in H1-20.

¹ See notes on methodology and after restating to account for IFRIC 21

ANNEXES

Notes on methodology

Restatement of the impact of IFRIC 21

The results, cost/income ratios and ROE, after being restated to account for the impact of IFRIC 21, are calculated on the basis of $\frac{1}{4}$ of the amount of taxes and contributions resulting from the interpretation of IFRIC 21 for a given quarter, or $\frac{1}{2}$ of the amount of taxes and contributions resulting from the interpretation of IFRIC 21 for a 6-month period. In practice, for Groupe BPCE, the principal taxes concerned by IFRIC 21 are the company social solidarity contribution (C3S) and contributions and levies of a regulatory nature (systemic risk tax levied on banking institutions, contribution to ACPR control costs, contribution to the Single Resolution Fund and to the Single Supervisory Mechanism).

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 Epargne 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

The operating expenses correspond to the aggregate total of the "Operating Expenses" (as presented in the Group's 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 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 (Loans and Deposits & Savings) are as follows:

- Deposits & Savings: the scope of outstandings under management excludes debt securities (certificates of deposit and savings bonds)
- Loan outstandings: the scope of outstandings under management excludes securities classified as customer loans and receivables and other securities classified as financial operations.

Capital adequacy & deduction of IPC

- **Common Equity Tier 1** is determined in accordance with the applicable CRR/CRD IV rules and after deduction of irrevocable payment commitments
- **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 using the rules of the Delegated Act published by the European Commission on October 10, 2014, without transitional measures. Securities financing operations carried out with clearing houses are offset on the basis of the criteria set forth in IAS 32, without consideration of maturity and currency criteria.

Following the decision of July 13, 2018 handed down by the General Court of the European Union, Groupe BPCE again requested the agreement of the ECB to exclude the centralized outstandings of regulated savings from the calculation of the denominator of the ratio.

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 on the basis of our understanding of the Term Sheet published by the FSB on November 9, 2015: "Principles on Loss-Absorbing and Recapitalization Capacity of G-SIBs in Resolution."

This amount is comprised of the following 4 items:

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

Eligible amounts differ slightly from the amounts adopted for the numerator of the capital adequacy ratios; these eligible amounts are determined using the principles defined in the Term Sheet published by the FSB on November 9, 2015.

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 the 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.

Reconciliation of restated data to reported data

Q2

	GROUPE BPCE		
In millions of euros	Q2-20 reported	Coface	Q2-20 restated
Net banking income	5,183		5,183
Operating expenses	(3,837)		(3,837)
Gross operating income	1,346		1,346
Cost of risk	(981)		(981)
Share in net income of associates	20	28	48
Gains or losses on other assets	(131)		(131)
Impairment of goodwill			
Income before tax	255		282
Income tax	(129)		(129)
Non-controlling interests	5	(8)	(3)
Net income – excl. Coface net contribution		19	150
Coface – Net contribution			(19)
Net income – Group share	131		131

GROUPE BPCE		
Q2-19 reported	Coface	Q2-19 restated
6,116	(181)	5,935
(4,180)	129	(4,051)
1,936	(52)	1,884
(326)		(326)
81		81
(1)	(2)	(3)
3	(3)	
1,693	(57)	1,636
(540)	11	(529)
(195)	34	(161)
	13	945
		13
958		958

H1

	GROUPE BPCE		
In millions of euros	H1-20 reported	Coface	H1-20 restated
Net banking income	10,726		10,726
Operating expenses	(8,383)		(8,383)
Gross operating income	2,343		2,343
Cost of risk	(1,484)		(1,484)
Share in net income of associates	68	33	101
Gains or losses on other assets	(242)	112	(130)
Impairment of goodwill			
Income before tax	685	145	829
Income tax	(385)		(385)
Non-controlling interests	13	(43)	(30)
Net income – excl. Coface net contribution		102	415
Coface – Net contribution			(102)
Net income – Group share	312		312

GROUPE BPCE		
H1-19 reported	Coface	H1-19 restated
12,069	(356)	11,713
(8,866)	252	(8,614)
3,203	(104)	3,099
(620)	1	(619)
125		125
(29)	(2)	(31)
(85)	(3)	(88)
2,594	(108)	2,485
(1,012)	30	(982)
(283)	54	(229)
	(24)	1,274
		24
1,298		1,298

Restated results excluding Coface: reconciliation of alternative performance measures to reported data

Q2-20

		Net banking income	Operating expenses	Share in net income of associates	Gains or losses on other assets	Income before tax	Net income - Group share excluding Coface	Coface net income	Net income - Group share including Coface
In millions of euros									
Restated Q2-20 results		5,183	(3,837)	48	(131)	282	150	(19)	131
Revaluation of assets associated with deeply subordinated notes denominated in foreign currencies	<i>Corporate center</i>	2				2	6		
Transformation and reorganization costs	<i>Business lines/ Corporate center</i>		(71)		(141)	(212)	(133)		
Contribution to the insurance guarantee fund	<i>Insurance</i>	(9)				(9)	(5)		
Disposals and impairment	<i>Business lines/ Corporate center</i>			(10)		(10)	(10)		
Restated Q2-20 results excluding exceptional items		5,190	(3,766)	58	10	511	292	1	293
Total impact		(7)	(71)	(10)	(141)	(229)	(142)	(21)	(163)

Q2-19

		Net banking income	Operating expenses	Income before tax	Net income - Group share excluding Coface	Coface net income	Net income - Group share including Coface
In millions of euros							
Restated Q2-19 results		5,935	(4,051)	1,636	945	13	958
Revaluation of assets associated with deeply subordinated notes denominated in foreign currencies	<i>Corporate center</i>	(4)		(4)	(1)		
Transformation and reorganization costs	<i>Business lines/ Corporate center</i>		(58)	(58)	(31)		
Restated Q2-19 results excluding exceptional items		5,939	(3,993)	1,699	977	15	991
Total impact		(4)	(58)	(63)	(32)	(2)	(34)

H1-20

In millions of euros

		Net banking income	Operating expenses	Share in net income of associates	Gains or losses on other assets	Income before tax	Net income - Group share excluding Coface	Coface net income	Net income - Group share including Coface
Restated H1-20 results		10,726	(8,383)	101	(130)	829	415	(102)	312
Revaluation of assets associated with deeply subordinated notes denominated in foreign currencies	<i>Corporate center</i>	0				0	0		
Transformation and reorganization costs	<i>Business lines/ Corporate center</i>		(133)		(141)	(274)	(175)		
Contribution to the insurance guarantee fund	<i>Insurance</i>	(16)				(16)	(8)		
Disposals and impairment	<i>Business lines/ Corporate center</i>			(10)		(10)	(10)		
Impact of Lebanon default on ADIR insurance	<i>Insurance</i>			(14)		(14)	(10)		
Restated H1-20 results excluding exceptional items		10,742	(8,250)	125	11	1,143	618	2	620
Total impact		(16)	(133)	(24)	(141)	(314)	(203)	(105)	(307)

H1-19

In millions of euros

		Net banking income	Operating expenses	Cost of risk	Share in income of equity- accounted associates	Gains or losses on other assets	Goodwill	Income before tax	Net income - Group share excluding Coface	Coface net income	Net income - Group share including Coface
Restated H1-19 results		11,713	(8,614)	(619)	125	(31)	(88)	2,485	1,274	24	1,298
Revaluation of assets associated with deeply subordinated notes denominated in foreign currencies	<i>Corporate center</i>	1						1	0		
Transformation and reorganization costs	<i>Business lines/ Corporate center</i>		(195)	(10)		(7)	(88)	(300)	(279)		
Disposals and impairments	<i>Business lines/ Corporate center</i>				(25)	(15)		(40)	(35)		
Restated H1-19 results excluding exceptional items		11,712	(8,419)	(610)	150	(10)	0	2,824	1,589	25	1,614
Total impact		1	(195)	(10)	(25)	(22)	(88)	(338)	(314)	(2)	(316)

Groupe BPCE: restated quarterly income statement per business line

Q2-20

	RETAIL BANKING & INSURANCE		ASSET & WEALTH MANAGEMENT		CORPORATE & INVESTMENT BANKING		CORPORATE CENTER		GROUPE BPCE		
Restated figures In millions of euros	Q2-20	Q2-19	Q2-20	Q2-19	Q2-20	Q2-19	Q2-20	Q2-19	Q2-20	Q2-19	%
Net banking income	4,074	4,099	704	932	519	847	(115)	57	5,183	5,935	(12.7)%
Operating expenses	(2,585)	(2,690)	(537)	(605)	(477)	(523)	(238)	(232)	(3,837)	(4,051)	(5.3)%
Gross operating income	1,489	1,408	167	327	42	324	(353)	(175)	1,346	1,884	(28.6)%
Cost of risk	(651)	(212)	(11)	(2)	(275)	(104)	(44)	(7)	(981)	(326)	x3
Income before tax	844	1 222	159	325	(230)	223	(491)	(134)	282	1,636	(82.8)%
Income tax	(280)	(430)	(43)	(91)	62	(60)	132	52	(129)	(529)	(75.7)%
Non-controlling interests	(28)	(26)	(42)	(115)	49	(49)	18	28	(3)	(161)	(98.2)%
Net income – excl. Coface net contribution	537	766	74	119	(120)	114	(341)	(54)	150	945	(84.1)%
Coface – Net contribution							(19)	13	(19)	13	
Net income – Group share	537	766	74	119	(120)	114	(360)	(41)	131	958	(86.4)%

H1-20

	RETAIL BANKING & INSURANCE		ASSET & WEALTH MANAGEMENT		CORPORATE & INVESTMENT BANKING		CORPORATE CENTER		GROUPE BPCE		
Restated figures In millions of euros	H1-20	H1-19	H1-20	H1-19	H1-20	H1-19	H1-20	H1-19	H1-20	H1-19	%
Net banking income	8,214	8,169	1,478	1,705	1,207	1,654	(173)	185	10,726	11,713	(8.4)%
Operating expenses	(5,388)	(5,385)	(1,116)	(1,163)	(1,034)	(1,105)	(844)	(961)	(8,383)	(8,614)	(2.7)%
Gross operating income	2,826	2,784	362	542	173	549	(1,018)	(776)	2,343	3,099	(24.4)%
Cost of risk	(953)	(469)	(10)	(1)	(469)	(134)	(52)	(15)	(1 484)	(619)	x2.4
Income before tax	1,877	2,353	354	541	(291)	405	(1,110)	(814)	829	2,485	(66.6)%
Income tax	(604)	(799)	(97)	(151)	79	(114)	236	82	(385)	(982)	(60.8)%
Non-controlling interests	(52)	(48)	(109)	(181)	60	(89)	71	90	(30)	(229)	(87.0)%
Net income – excl. Coface net contribution	1,221	1,506	148	209	(153)	202	(803)	(643)	415	1,274	(67.5)%
Coface – Net contribution							(102)	24	(102)	24	
Net income – Group share	1,221	1,506	148	209	(153)	202	(905)	(619)	312	1,298	(76.0)%

Groupe BPCE: restated quarterly series

GROUPE BPCE						
Restated figures In millions of euros	Q1-19	Q2-19	Q3-19	Q4-19	Q1-20	Q2-20
Net banking income	5,778	5,935	5,757	6,123	5,543	5,183
Operating expenses	(4,563)	(4,051)	(4,011)	(4,441)	(4,546)	(3,837)
Gross operating income	1,215	1,884	1,746	1,682	997	1,346
Cost of risk	(293)	(326)	(320)	(426)	(504)	(981)
Income before tax	850	1,636	1,494	1,359	548	282
Income tax	329	945	931	780	264	150
Non-controlling interests	11	13	12	9	(83)	(19)
Net income – excl. Coface net contribution	340	958	943	789	181	131

Consolidated balance sheet

ASSETS (in millions of euros)	June 30, 2020	Dec. 31, 2019
Cash and amounts due from central banks	147,133	80,244
Financial assets at fair value through profit or loss	201,130	218,767
Hedging derivatives	11,293	9,286
Financial assets at fair value through shareholders' equity	52,401	44,630
Financial assets at amortized cost	28,955	28,922
Loans and receivables due from credit institutions and similar at amortized cost	93,670	89,656
Loans and receivables due from customers at amortized cost	725,745	693,257
Revaluation difference on interest rate risk-hedged portfolios	9,350	7,673
Insurance activity investments	117,793	119,046
Current tax assets	1,272	864
Deferred tax assets	3,554	3,597
Accrued income and other assets	22,336	24,326
Non-current assets held for sale	2,027	578
Investments in associates	4,316	4,247
Investment property	779	769
Property, plant and equipment	6,236	6,448
Intangible assets	1,024	1,089
Goodwill	4,376	4,665
TOTAL ASSETS	1,433,392	1,338,064

LIABILITIES (in millions of euros)	June 30, 2020	Dec. 31, 2019
Amounts due to central banks		
Financial liabilities at fair value through profit or loss	188,208	201,776
Hedging derivatives	16,728	15,068
Debt securities	236,648	239,341
Amounts due to credit institutions	129,148	76,653
Amounts due to customers	620,916	559,713
Revaluation difference on interest rate risk-hedged portfolios	302	238
Current tax liabilities	762	788
Deferred tax liabilities	1,231	1,400
Accrued expenses and other liabilities	29,601	30,877
Liabilities associated with non-current assets held for sale	1,624	528
Insurance-related liabilities	109,168	110,697
Provisions	5,745	6,156
Subordinated debt	17,381	17,487
Shareholders' equity	75,929	77,341
<i>Equity attributable to equity holders of the parent</i>	<i>70,001</i>	<i>69,909</i>
Non-controlling interests	5,928	7,431
TOTAL LIABILITIES	1,433,392	1,338,064

Retail Banking & Insurance

Quarterly income statement

	BANQUE POPULAIRE NETWORK			CAISSE D'EPARGNE NETWORK			FINANCIAL SOLUTIONS & EXPERTISE			INSURANCE			PAYMENTS			OTHER NETWORKS			RETAIL BANKING & INSURANCE		
In millions of euros	Q2-20	Q2-19	%	Q2-20	Q2-19	%	Q2-20	Q2-19	%	Q2-20	Q2-19	%	Q2-20	Q2-19	%	Q2-20	Q2-19	%	Q2-20	Q2-19	%
Net banking income	1,513	1,626	(6.9)%	1,793	1,800	(0.4)%	263	279	(5.8)%	228	207	10.2%	86	105	(18.1)%	191	81	x2.4	4,074	4,099	(0.6)%
Operating expenses	(1,017)	(1,099)	7.5%	(1,090)	(1,166)	(6.5)%	(142)	(152)	(6.5)%	(117)	(116)	0.9%	(96)	(94)	2.0%	(124)	(64)	92.5%	(2,585)	(2,690)	(3.9)%
Gross operating income	497	527	(5.8)%	703	635	10.8%	121	127	(4.9)%	112	92	21.9%	(10)	11	ns	67	17	x3.9	1,489	1,408	5.7%
Cost/income ratio	67.2%	67.6%	(0.4)pp	60.8%	64.7%	(4.0)pp	54.1%	54.5%	(0.4)pp	51.1%	55.8%	(4.7)pp	ns	89.6%		65.0%	79.3%	(14.3)pp	63.5%	65.6%	(2.2)pp
Cost of risk	(289)	(85)	x3	(276)	(92)	x3	(26)	(22)	17.4%				0	(1)	ns	(60)	(13)	x2	(651)	(212)	x3
Income before tax	216	457	(52.8)%	426	540	(21.1)%	95	106	(9.7)%	110	96	14.1%	(10)	10	ns	7	12	(41.2)%	844	1,222	(30.9)%
Income tax	(76)	(159)	(52.2)%	(146)	(189)	(22.8)%	(28)	(45)	(38.0)%	(33)	(30)	12.5%	3	(3)	ns	1	(4)	ns	(280)	(430)	(34.9)%
Non-controlling interests	0	(1)	ns	2	(3)	ns	0	0	4.5%	(22)	(20)	15.0%	2	(2)	ns	(9)	0	ns	(28)	(26)	8.2%
Net income - Group share	140	298	(53.1)%	282	348	(18.9)%	67	60	11.5%	54	47	14.8%	(5)	5	ns	(2)	8	ns	537	766	(29.9)%

Half-yearly income statement

	BANQUE POPULAIRE NETWORK			CAISSE D'EPARGNE NETWORK			FINANCIAL SOLUTIONS & EXPERTISE			INSURANCE			PAYMENTS			OTHER NETWORKS			RETAIL BANKING & INSURANCE		
In millions of euros	H1-20	H1-19	%	H1-20	H1-19	%	H1-20	H1-19	%	H1-20	H1-19	%	H1-20	H1-19	%	H1-20	H1-19	%	H1-20	H1-19	%
Net banking income	3,115	3,244	(4.0)%	3,509	3,578	(1.9)%	553	551	0.4%	449	425	5.6%	198	208	(4.6)%	389	163	x2.4	8,214	8,169	0.6%
Operating expenses	(2,110)	(2,185)	(3.4)%	(2,269)	(2,348)	(3.4)%	(302)	(307)	(1.5)%	(250)	(241)	3.9%	(190)	(181)	4.8%	(267)	(122)	x2.2	(5,388)	(5,385)	0.1%
Gross operating income	1,005	1,060	(5.1)%	1,240	1,230	0.8%	251	244	2.8%	199	184	7.9%	8	27	(68.9)%	123	40	x3.1	2,826	2,784	1.5%
Cost/income ratio	67.7%	67.3%	0.4pp	64.7%	65.6%	(1.0)pp	54.7%	55.7%	(1.1)pp	55.7%	56.7%	(0.9)pp	95.8%	87.2%	8.6 pp	68.5%	75.1%	(6.6)pp	65.6%	65.9%	(0.3)pp
Cost of risk	(406)	(179)	x2.3	(397)	(218)	82.1%	(50)	(47)	6.3%				2	(1)	ns	(102)	(24)	x4.2	(953)	(469)	x2
Income before tax	616	906	(32.0)%	842	1,010	(16.6)%	201	197	1.9%	186	189	(1.8)%	10	26	(60.5)%	21	24	(12.7)%	1,877	2,353	(20.2)%
Income tax	(200)	(299)	(33.2)%	(278)	(349)	(20.2)%	(61)	(74)	(18.7)%	(59)	(60)	(0.4)%	(3)	(8)	(63.6)%	(2)	(8)	(75.6)%	(604)	(799)	(24.5)%
Non-controlling interests	(1)	(1)	60.6%	1	(4)	ns	0	0	ns	(37)	(38)	(2.3)%	(2)	(5)	(61.8)%	(13)	0	ns	(52)	(48)	6.9%
Net income - Group share	415	606	(31.5)%	565	657	(14.0)%	140	123	14.4%	90	92	(2.4)%	5	12	(58.0)%	6	16	(59.8)%	1,221	1,506	(18.9)%

Retail Banking & Insurance

Quarterly series

RETAIL BANKING & INSURANCE						
In millions of euros	Q1-19	Q2-19	Q3-19	Q4-19	Q1-20	Q2-20
Net banking income	4,070	4,099	3,972	4,176	4,140	4,074
Operating expenses	(2,694)	(2,690)	(2,596)	(2,863)	(2,803)	(2,585)
Gross operating income	1,376	1,408	1,376	1,313	1,337	1,489
Cost/income ratio	66.2%	65.6%	65.4%	68.6%	67.7%	63.5%
Cost of risk	(257)	(212)	(243)	(316)	(302)	(651)
Income before tax	1,131	1,222	1,143	1,003	1,032	844
Net income attributable to equity holder of the parent	739	766	751	679	685	537

Banque Populaire and Caisse d'Épargne networks: quarterly series

BANQUE POPULAIRE NETWORK						
In millions of euros	Q1-19	Q2-19	Q3-19	Q4-19	Q1-20	Q2-20
Net banking income	1,618	1,626	1,568	1,622	1,602	1,513
Operating expenses	(1,086)	(1,099)	(1,065)	(1,106)	(1,093)	(1,017)
Gross operating income	532	527	503	516	509	497
Cost of risk	(94)	(85)	(109)	(128)	(117)	(289)
Income before tax	449	457	403	390	401	216
Net income attributable to equity holders of the parent	308	298	279	273	275	140

CAISSE D'ÉPARGNE NETWORK						
In millions of euros	Q1-19	Q2-19	Q3-19	Q4-19	Q1-20	Q2-20
Net banking income	1,778	1,800	1,743	1,727	1,716	1,793
Operating expenses	(1,183)	(1,166)	(1,112)	(1,217)	(1,179)	(1,090)
Gross operating income	595	635	631	510	537	703
Cost of risk	(126)	(92)	(112)	(89)	(121)	(276)
Income before tax	470	540	519	420	416	426
Net income attributable to equity holders of the parent	309	348	340	286	283	282

Financial Solutions & Expertise: quarterly series

FINANCIAL SOLUTIONS & EXPERTISE						
In millions of euros	Q1-19	Q2-19	Q3-19	Q4-19	Q1-20	Q2-20
Net banking income	272	279	268	298	290	263
Operating expenses	(155)	(152)	(155)	(172)	(160)	(142)
Gross operating income	117	127	113	126	130	121
Cost of risk	57.0%	54.5%	57.7%	57.8%	55.2%	54.1%
Income before tax	(25)	(22)	(15)	(17)	(24)	(26)
Net income attributable to equity holders of the parent	92	106	98	109	106	95
In millions of euros	62	60	70	74	73	67

Insurance: quarterly series

INSURANCE						
In millions of euros	Q1-19	Q2-19	Q3-19	Q4-19	Q1-20	Q2-20
Net banking income	218	207	205	216	221	228
Operating expenses	(125)	(116)	(112)	(125)	(134)	(117)
Gross operating income	93	92	93	90	87	112
Cost/income ratio	57.5%	55.8%	54.6%	58.1%	60.6%	51.1%
Income before tax	93	96	94	94	76	110
Net income attributable to equity holder of the parent	45	47	45	46	35	54

Payments: quarterly series

PAYMENTS						
In millions of euros	Q1-19	Q2-19	Q3-19	Q4-19	Q1-20	Q2-20
Net banking income	103	105	103	111	113	86
Operating expenses	(88)	(94)	(93)	(96)	(94)	(96)
Gross operating income	16	11	10	15	18	(10)
Cost/income ratio	84.8%	89.6%	90.1%	86.1%	83.8%	111.7%
Income before tax	16	10	9	15	20	(10)
Net income attributable to equity holder of the parent	8	5	4	7	10	(5)

Other networks: quarterly series

OTHER NETWORKS						
In millions of euros	Q1-19	Q2-19	Q3-19	Q4-19	Q1-20	Q1-20
Net banking income	81	81	84	203	199	191
Operating expenses	(58)	(64)	(60)	(147)	(143)	(124)
Gross operating income	24	17	25	56	56	67
Cost/income ratio	70.9%	79.3%	70.8%	72.4%	71.8%	65.0%
Cost of risk	(11)	(13)	(5)	(82)	(42)	(60)
Income before tax	12	12	20	(25)	14	7
Net income attributable to equity holder of the parent	8	8	12	(7)	8	(2)

Asset & Wealth Management: quarterly series

ASSET & WEALTH MANAGEMENT						
In millions of euros	Q1-19	Q2-19	Q3-19	Q4-19	Q1-20	Q2-20
Net banking income	773	932	945	1,109	774	704
Operating expenses	(558)	(605)	(648)	(681)	(579)	(537)
Gross operating income	216	327	297	428	195	167
Cost/income ratio	72.1%	64.9%	68.5%	61.4%	74.8%	76.3%
Cost of risk	1	(2)	(8)	2	1	(11)
Income before tax	216	325	299	434	196	159
Net income attributable to equity holder of the parent	90	119	107	157	75	74

Corporate & Investment Banking: quarterly series

CORPORATE & INVESTMENT BANKING						
In millions of euros	Q1-19	Q2-19	Q3-19	Q4-19	Q1-20	Q2-20
Net banking income	807	847	784	899	688	519
Operating expenses	(582)	(523)	(527)	(602)	(557)	(477)
Gross operating income	225	324	256	297	130	42
Cost/income ratio	72.2%	61.8%	67.3%	67.0%	81.1%	91.8%
Cost of risk	(30)	(104)	(59)	(118)	(194)	(275)
Income before tax	183	223	200	181	(61)	(230)
Net income attributable to equity holder of the parent	89	114	102	93	(33)	(120)

Corporate center: restated quarterly series

CORPORATE CENTER						
Restated figures	Q1-19	Q2-19pf	Q3-19pf	Q4-19	Q1-20	Q2-20
In millions of euros						
Net banking income	127	57	56	(61)	(58)	(115)
Operating expenses	(729)	(232)	(239)	(295)	(606)	(238)
Gross operating income	(601)	(175)	(183)	(356)	(665)	(353)
Cost of risk	(8)	(7)	(9)	7	(8)	(44)
Change in the value of goodwill	(88)					
Income before tax	(680)	(134)	(148)	(258)	(619)	(491)
Net income attributable to equity holder of the parent	(589)	(54)	(28)	(150)	(461)	(341)

DISCLAIMER

This presentation 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.

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The financial information presented in this document relating to the fiscal period ended June 30, 2020 has been drawn up in compliance with IFRS guidelines, as adopted in the European Union. This financial information is 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 with regard to uncertain future events. These estimates are based on the judgment of the individuals preparing this financial information and the information available at the balance sheet date. Actual future results may differ from these estimates.

The quarterly financial information of Groupe BPCE for the period ended June 30, 2020 approved by the Management Board at the meeting convened on July 31, 2020, was verified and reviewed by the Supervisory Board at a meeting convened on August 3, 2020.

These results are subject to a limited review carried out by the statutory auditors.

About Groupe BPCE

Groupe BPCE, with its business model as a universal cooperative bank represented by 9 million cooperative shareholders, is currently the 2nd-largest banking group in France. With its 105,000 employees, it serves a total of 36 million customers – individuals, professionals, corporates, investors, and local government bodies – around the world. It operates in the retail banking and insurance sectors in France via its two major Banque Populaire and Caisse d'Epargne banking networks, along with Banque Palatine. With Natixis, it also runs global business lines specializing in Asset & Wealth management, Corporate & Investment Banking, Insurance and Payments. Through this structure, it is able to offer its customers a comprehensive, diversified range of products and services: solutions in savings, investment, cash management, financing, and insurance. The Group's financial strength is recognized by four financial rating agencies: Moody's (A1, outlook stable), Standard & Poor's (A+, outlook negative), Fitch (A+, RWN) and R&I (A+, outlook stable).

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