

[Tagging Info](#)**Fitch Rates Groupe BPCE 'A+' Ratings**

31 Jul 2009 7:26 AM (EDT)

Fitch Ratings-Paris/London-31 July 2009: Fitch Ratings has assigned Groupe BPCE (GBPCE) ratings of Long-term Issuer Default (IDR) 'A+', Short-term IDR 'F1+', Individual 'C/D', Support '1' and Support Rating Floor 'A+'. The Outlook is Stable. Fitch has also affirmed and withdrawn all ratings on Groupe Caisse d'Epargne (GCE) and Groupe Banque Populaire (GBP). The rating actions follow the completion of the merger of GCE and GBP today to create GBPCE.

It has also assigned BPCE - GBPCE's central body - a Long-term IDR 'A+' with Stable Outlook, Short-term IDR 'F1+', Support '1' rating and a Support Rating Floor 'A+'. At the same time, Fitch has affirmed Caisses d'Epargne Participations' (CE Participations, previously Caisse Nationale des Caisses d'Epargne et de Prevoyance (CNCE)) and Banques Populaires Participations' (BP Participations, previously Banque Federale des Banques Populaires (BFBP)) Long-term IDR of 'A+', Short-term IDR of 'F1+', Support rating of '1' and Support Rating Floor of 'A+', these ratings have been withdrawn. CE Participations' Short-term debt has been affirmed at 'F1+'. A full list of rating actions is attached at the end of this commentary.

GBPCE comprises a central body (BPCE), a retail network of 37 regional banks (17 Caisses d'Epargne et de Prevoyance (CEPs) and 20 Banques Populaires (BPs)), and specialised subsidiaries, which are either controlled by BPCE, CE Participations or BP Participations.

While GBPCE's IDRs are driven by support from the French state, the Individual Rating reflects the group's large size and impressive domestic retail franchise, as well as the ongoing troubles at Natixis and the significant operational challenges associated with the merger. GCE and GBP were fairly complementary (with GCE more focused on individuals/associations and GBP being the leader in the professional/SME segment) but their respective retail networks (i.e. the CEPs and the BPs) will remain competitors. The combined retail network holds market shares in French retail banking of 16%-25% (depending on product), serves 34 million customers through an 8,000-branch network and has 110,000 employees. The two groups' corporate and investment banking activities have been regrouped into Natixis since 2006 (Natixis is 71%-owned by BPCE).

The merger is likely to be a lengthy process, with a large number of entities involved and new management and taking place amid a global banking crisis. The group's focus will be firmly domestic and investment banking activities are likely to be largely reduced. The French state has been encouraging this merger strongly and agreed to inject a total of EUR5bn into GBPCE in 2009, including EUR3bn of non-voting preferences shares. Natixis's equity and assets are large as a share of GBPCE's at 44% and 46%, respectively and Fitch expects the French state to provide additional capital to GBPCE to support Natixis, if needed.

GBPCE is the banking group in France whose results were hardest hit by the crisis, and management's top priorities will be to halt losses at Natixis and increase profitability/cost efficiency in the retail networks. Nevertheless, taking into account the EUR1.8bn net loss reported by Natixis in Q109, the uncertainty on Natixis's remaining toxic assets, as well as potential restructuring costs, GBPCE's profitability is likely to be poor in 2009 and remain far below that of its peers in the short- to medium-term.

Every CEP and BP, as well as CE Participations and BP Participations, and most of the specialised subsidiaries (including Natixis, Credit Foncier de France and Banque Palatine) are affiliated to BPCE. BPCE has undertaken to ensure that these entities maintain adequate liquidity and solvency at all times. Therefore, those that are rated are assigned the same Short- and Long-term IDRs as BPCE's. While some subsidiaries remain under the CE Participations and BP Participations holding companies, these subsidiaries will undergo a strategic review over an 18 month-period and could then move under BPCE or be sold.

All Long-term debt and most Short-term debt previously issued by CNCE and BFBP have been transferred to BPCE.

Natixis's commitments previously guaranteed by CNCE are now guaranteed by BPCE.

Groupe BPCE (GBPCE)  
Assigned Long-term IDR: 'A+'; Stable Outlook  
Assigned Short-term IDR: 'F1+'  
Assigned Individual Rating: 'C/D'  
Assigned Support Rating: '1'  
Assigned Support Rating Floor: 'A+'

BPCE (Groupe BPCE's central body)  
Assigned Long-term IDR: 'A+'; Stable Outlook  
Assigned Short-term IDR: 'F1+'  
Assigned Support Rating: '1'

Assigned Support Rating Floor: 'A+'  
Senior unsecured debt assigned 'A+'  
Innovative tier 1 assigned 'BB+'; Rating Watch Negative (RWN)  
Non-innovative tier 1 assigned 'BB+'; RWN  
Two innovative tier 1 issues to be launched in exchange of existing tier 1 securities of Natixis and NBP Capital Trust I assigned expected rating of 'BB+'; RWN  
Two non-innovative tier 1 issues to be launched in exchange of existing tier 1 securities of Natixis and NBP Capital Trust III assigned expected rating of 'BB+'; RWN  
Other subordinated debt assigned 'A'  
Commercial paper assigned 'F1+'  
Short-term debt assigned 'F1+'

Groupe Caisse d'Epargne (GCE):  
Long-term IDR: 'A+' affirmed and withdrawn  
Short-term IDR: 'F1+' affirmed and withdrawn  
Individual Rating: 'C/D' affirmed and withdrawn  
Support Rating: '1' affirmed and withdrawn  
Support Rating Floor: 'A+' affirmed and withdrawn

Caisses d'Epargne Participations (previously Caisse Nationale des Caisses d'Epargne et de Prevoyance):

Long-term IDR: 'A+' affirmed and withdrawn  
Short-term IDR: 'F1+' affirmed and withdrawn  
Support Rating: '1' affirmed and withdrawn  
Support Rating Floor: 'A+' affirmed and withdrawn  
Senior unsecured debt: 'A+' affirmed and withdrawn  
Innovative tier 1: 'BB+' RWN withdrawn  
Non-innovative tier 1: 'BB+' RWN withdrawn  
Other subordinated debt: 'A' affirmed and withdrawn  
Commercial paper: affirmed at 'F1+'  
Senior short-term debt: affirmed at 'F1+'  
Groupe Banque Populaire (GBP):  
Long-term IDR: 'A+' affirmed and withdrawn  
Short-term IDR: 'F1+' affirmed and withdrawn  
Individual Rating: 'C/D' affirmed and withdrawn  
Support Rating: '1' affirmed and withdrawn  
Support Rating Floor: 'A+' affirmed and withdrawn

Banques Populaires Participations (previously Banque Federale des Banques Populaires):

Long-term IDR: 'A+' affirmed and withdrawn  
Short-term IDR: 'F1+' affirmed and withdrawn  
Support Rating: '1' affirmed and withdrawn  
Support Rating Floor: 'A+' affirmed and withdrawn  
Senior unsecured debt: 'A+' affirmed and withdrawn  
Subordinated debt: 'A' affirmed and withdrawn

The following entities' Long-term IDRs of 'A+' and Short-term IDRs of 'F1+' have been affirmed, with a Stable Outlook:

Banque Populaire Atlantique  
Banque Populaire Bourgogne, Franche-Comte  
Banque Populaire Centre Atlantique  
Banque Populaire Cote d'Azur  
Banque Populaire d'Alsace  
Banque Populaire de l'Ouest  
Banque Populaire de Lorraine-Champagne  
Banque Populaire des Alpes  
Banque Populaire du Massif-Central  
Banque Populaire du Nord  
Banque Populaire du Sud  
Banque Populaire du Sud-Ouest  
Banque Populaire Loire et Lyonnais  
Banque Populaire Occitane  
Banque Populaire Provencale et Corse  
Banque Populaire Rives de Paris  
Banque Populaire Val-de-France  
BRED - Banque Populaire  
CASDEN - Banque Populaire  
Credit Cooperatif  
Groupe Credit Cooperatif  
Credit Maritime Mutuel  
Societe Centrale de Credit Maritime Mutuel

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