

Oct 02, 2015

R&I Assigns A-: BPCE S.A. Japanese Yen Sub. Bonds

Rating and Investment Information, Inc. (R&I) has announced the following:

ISSUER: BPCE S.A.
Japanese Yen Sub. Bonds No.1: A-, Assigned
Japanese Yen Callable Sub. Bonds No.2: A-, Assigned
Japanese Yen Sub. Flt. Rate Bonds No.3: A-, Assigned

RATIONALE:

The bonds are considered to satisfy Basel 3 eligibility criteria (B3T2) because they are subordinated bonds to which the relevant resolution authorities are able to apply the bail-in tool (loss absorption by shareholders and unsecured creditors, etc.).

The European Union adopted the Bank Recovery and Resolution Directive (BRRD) in 2014. The BRRD stipulates that resolution measures including the bail-in tool shall be applied only if all of the following conditions are met: (1) an institution is failing or is likely to fail, (2) there is no reasonable prospect that any alternative private sector measures or supervisory action would prevent the failure of the institution within a reasonable timeframe and (3) a resolution action is necessary in the public interest. The BRRD is basically in line with the Basel international agreement, and trigger levels for loss absorption are low, in R&I's view.

In France, the law on separation and regulation of banking activities (the SRAB law) was enacted in 2013, and resolution powers were granted to Autorite de Controle Prudentiel et de Resolution (ACPR). Moreover, the SRAB law was revised based on the BRRD. Consequently, R&I considers a standard notch down to be appropriate for French financial institutions.

In accordance with the Rating Methodology "R&I's Analytical Approach to Regulatory Capital Instruments and Financial Institutions, etc.", R&I has assigned a rating of A-, one notch below the Issuer Rating, to the bonds.

For the Issuer Rating, please refer to the press release dated June 24.

The primary rating methodologies applied to this rating are provided at "R&I's Basic Methodology for Corporate Credit Ratings", "Shared Rating Approach for Financial Institutions, etc.", "Depository Financial Institutions", "R&I's Analytical Approach to Financial Groups" and "R&I's Analytical Approach to Regulatory Capital Instruments and Financial Institutions, etc." The methodologies are available at the web site listed below, together with other rating methodologies that are taken into consideration when assigning the rating.

<http://www.r-i.co.jp/eng/cfp/about/methodology/index.html>

■Contact : Investors Service Division TEL.+81-(0)3-3276-3511 E-mail. infodept@r-i.co.jp
■Media Contact : Corporate Planning Division (Public Relations) TEL.+81-(0)3-3276-3438

Rating and Investment Information, Inc. Nihonbashi 1-chome Mitsui Bldg., 1-4-1, Nihonbashi, Chuo-ku, Tokyo 103-0027, <http://www.r-i.co.jp>

Credit ratings are R&I's opinions on an issuer's general capacity to fulfill its financial obligations and the certainty of the fulfillment of its individual obligations as promised (creditworthiness) and are not statements of fact. Further, R&I does not state its opinions about any risks other than credit risk, give advice regarding investment decisions or financial matters, or endorse the merits of any investment. R&I does not undertake any independent verification of the accuracy or other aspects of the related information when issuing a credit rating and makes no related representations or warranties. R&I is not liable in any way for any damage arising in relation to credit ratings (including amendment or withdrawal thereof). As a general rule, R&I issues a credit rating for a fee paid by the issuer. For details, please refer to <http://www.r-i.co.jp/eng/policy/policy.html>.

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R&I RATINGS:

ISSUER: BPCE S.A. **Japanese Yen Sub. Bonds No.1**
RATING: **A-, Assigned**
ISSUE AMOUNT (mn): JPY 27,200
ISSUE DATE: Jan 30, 2015
MATURITY DATE: Jan 30, 2025
SUPPORT: Unsecured
ISSUER RATING: A
RATING OUTLOOK: Stable

R&I RATINGS:

ISSUER: BPCE S.A. **Japanese Yen Callable Sub. Bonds No.2**
RATING: **A-, Assigned**
ISSUE AMOUNT (mn): JPY 7,900
ISSUE DATE: Jan 30, 2015
MATURITY DATE: Jan 30, 2025
SUPPORT: Unsecured
ISSUER RATING: A
RATING OUTLOOK: Stable

R&I RATINGS:

ISSUER: BPCE S.A. **Japanese Yen Sub. Flt. Rate Bonds No.3**
RATING: **A-, Assigned**
ISSUE AMOUNT (mn): JPY 13,200
ISSUE DATE: Jan 30, 2015
MATURITY DATE: Jan 30, 2025
SUPPORT: Unsecured
ISSUER RATING: A
RATING OUTLOOK: Stable