

FITCH AFFIRMS GROUPE BPCE AT 'A+'; NEGATIVE OUTLOOK

Fitch Ratings-London-09 October 2012: Fitch Ratings has affirmed Groupe BPCE's (GBPCE), BPCE S.A.'s and Natixis's Long-Term Issuer Default Ratings (IDRs) at 'A+' and Short-Term IDRs at 'F1+'. The Outlook on the Long-Term IDR is Negative. At the same time, Fitch has affirmed GBPCE's Viability Rating (VR) at 'a-'. A full list of rating actions is at the end of this comment.

RATING DRIVERS AND SENSITIVITIES - IDRS, SUPPORT RATING AND SUPPORT RATING FLOOR

GBPCE's and BPCE S.A.'s Long- and Short-Term IDRs, Support Ratings and Support Rating Floors are driven by Fitch's view that the probability of French state support, if required, is extremely high given the group's domestic importance. GBPCE is France's third-largest banking group by equity.

GBPCE's and BPCE S.A.'s Long- and Short-Term IDRs and Support Rating Floors would be downgraded if Fitch perceived a weakening of the state's ability (as reflected in its rating) to support large French banks. GBPCE's and BPCE S.A.'s Long- and Short-Term IDRs and Support Rating Floors could also be downgraded if Fitch came to the conclusion that government support in France was being diluted through a combination of regulatory, legal and political changes. The Negative Outlook on GBPCE's and BPCE S.A.'s Long-Term IDRs mirrors that on the French state.

Fitch has affirmed Banque Populaire du Sud-Ouest's IDRs at 'A+' and 'F1+' and simultaneously withdrawn the ratings, following its merger with Banque Populaire Centre Atlantique. Banque Populaire Centre Atlantique has been renamed Banque Populaire Aquitaine Centre Atlantique. The IDRs of Societe Centrale de Credit Maritime Mutuel have also been affirmed and simultaneously withdrawn as the entity is no longer affiliated to BPCE S.A.

RATING DRIVERS AND SENSITIVITIES - VR

GBPCE's VR reflects its strong retail franchise in its core market, modest risk appetite, good loan quality and acceptable capital ratios. The VR also takes into account the group's dependence on wholesale funding.

GBPCE has a strong franchise in French retail banking, its core business. GBPCE's operating income is not reliant on corporate and investment banking business, and the reduced size of market activities in particular leads to lower earnings volatility than for some large French banking groups. Nevertheless, earnings at Natixis are minimal when the contribution from its retail participation is stripped out, which along with the prospects for this subsidiary constrain the VR.

GBPCE maintains acceptable asset quality, with one of the lowest non-performing loan ratios among large French banks (3.8% at end-June 2012) given its significant focus on the low-risk domestic retail segment. The moderate coverage of impaired loans is offset by adequate collateral. GBPCE's legacy assets are now modest and generate low losses.

GBPCE has relatively high dependence on wholesale funding. Although declining, GBPCE has the highest loan-to-deposit ratio among the large French banks. Further significant reduction of this ratio may be constrained by two of its main subsidiaries, CFF and Natixis, being largely wholesale-funded. However, liquidity is not an issue for GBPCE, which runs an ample liquid asset portfolio that could be used for repo in the market or with central banks.

GBPCE has significantly strengthened its capital ratios since 2009, which reach now an acceptable level (9.18% Fitch core capital ratio at end-H112). This improvement partly integrates the positive, although limited, impact of the removal of the Basel transitional floor on risk-weighted assets at end-2011. As GBPCE has fully repaid the hybrid instruments subscribed to by the French state in

2008/2009, and given its historically modest dividend pay-out ratio, the group will benefit from a higher capital generation potential through retained earnings.

GBPCE's VR would benefit from reduced dependence on wholesale funding. It could also potentially be upgraded if the drag on earnings and funding from some of the wholesale-funded subsidiaries, Natixis and CFF, were softened. Conversely, material deterioration of group earnings or capital ratios, while not expected, could lead to a downgrade.

RATING DRIVERS AND SENSITIVITIES - IDRs OF SUBSIDIARIES

Due to the affiliation of most of GBPCE's subsidiaries to BPCE S.A., GBPCE's central body, their IDRs are aligned with those of their parent. Under the affiliation, BPCE S.A. is legally committed to maintain adequate liquidity and solvency for its subsidiaries. The affiliated subsidiaries' IDRs will therefore continue to move in tandem with those of GBPCE unless there is a change in the affiliation status, which Fitch views as extremely unlikely. The affiliation with BPCE S.A. concerned 121 entities at end-September 2012, including the Banque Populaire and Caisse d'Epargne et de Prevoyance networks as well as the group's primary banks (Natixis, CFF, Banque Palatine and BPCE International Outre-Mer). Given Natixis's, Credit Foncier de France's and Banque Palatine's affiliation to and extremely strong integration within GBPCE, they have not been assigned a VR.

RATING DRIVERS AND SENSITIVITIES - SUBORDINATED DEBT AND OTHER HYBRID SECURITIES

Subordinated debt and other hybrids issued by BPCE S.A. and Natixis are all notched down from GBPCE's VR in accordance with Fitch's assessment of each instrument's respective non-performance and relative loss severity risk profiles, which varies significantly. Their ratings are primarily sensitive to any change in GBPCE's VR. Natixis's debt benefits from its affiliation with BPCE S.A.

The rating actions are as follows:

GBPCE

Long-term IDR: affirmed at 'A+'; Outlook Negative

Short-term IDR: affirmed at 'F1+'

Viability Rating: affirmed at 'a-'

Support Rating: affirmed at '1'

Support Rating Floor: affirmed at 'A+'

BPCE S.A.

Long-term IDR: affirmed at 'A+'; Outlook Negative

Short-term IDR: affirmed at 'F1+'

Support Rating: affirmed at '1'

Support Rating Floor: affirmed at 'A+'

Senior unsecured debt: affirmed at 'A+'

BMTN programme: long-term affirmed at 'A+'

EMTN programme: long-term affirmed at 'A+' and short-term affirmed at 'F1+'

Innovative Tier 1: 'BB+'

Non-innovative Tier 1: 'BB+'

Lower Tier 2: 'BBB+'

Commercial paper: affirmed at 'F1+'

Natixis:

Long-term IDR: affirmed at 'A+'; Outlook Negative

Short-term IDR: affirmed at 'F1+'

Support Rating: affirmed at '1'

Senior unsecured debt: affirmed at 'A+'

Market linked notes: affirmed at 'A+emr'

Lower Tier 2: 'BBB+'

Hybrid capital instruments: 'BB+'

BMTN programme: long-term affirmed at 'A+'

EMTN programme: long-term affirmed at 'A+' and short-term affirmed at 'F1+'
Debt issuance programme guaranteed by Caisse des Depots et Consignations (CDC): long-term affirmed at 'AAA' and short-term affirmed at 'F1+'
Debt issuance programme guaranteed by BPCE S.A.: long-term affirmed at 'A+' and short-term affirmed at 'F1+'
Senior unsecured debt guaranteed by Caisse des Depots et Consignations (CDC): affirmed at 'AAA'
Senior unsecured debt guaranteed by BPCE: affirmed at 'A+'
Commercial paper: affirmed at 'F1+'

NBP Capital Trust I
Preferred stock: 'BB+'

Credit Foncier de France
Long-term IDR: affirmed at 'A+'; Outlook Negative
Short-term IDR: affirmed at 'F1+'
Support Rating: affirmed at '1'
BMTN programme: long-term affirmed at 'A+'
EMTN programme: long-term affirmed at 'A+' and short-term affirmed at 'F1+'
Senior unsecured debt: affirmed at 'A+'
Commercial paper: affirmed at 'F1+'

Banque Palatine
Long-term IDR: affirmed at 'A+'; Outlook Negative
Short-term IDR: affirmed at 'F1+'
Support Rating: affirmed at '1'
BMTN Programme: affirmed at 'A+'
Certificate of Deposits: affirmed at 'F1+'

The following entities' Long-term IDRs of 'A+' and Short-term IDRs of 'F1+' have been affirmed.

The Outlook is Negative

Banque Populaire Atlantique
Banque Populaire Bourgogne, Franche-Comte
Banque Populaire Aquitaine Centre Atlantique
Banque Populaire Cote d'Azur
Banque Populaire d'Alsace
Banque Populaire de l'Ouest
Banque Populaire Lorraine Champagne
Banque Populaire des Alpes
Banque Populaire du Massif-Central
Banque Populaire du Nord
Banque Populaire du Sud
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
Groupe Credit Cooperatif
Credit Maritime Mutuel
Caisse d'Epargne et de Prevoyance d'Alsace
Caisse d'Epargne et de Prevoyance Aquitaine Poitou Charentes
Caisse d'Epargne et de Prevoyance d'Auvergne et du Limousin
Caisse d'Epargne et de Prevoyance de Bourgogne Franche-Comte
Caisse d'Epargne et de Prevoyance Bretagne-Pays de Loire
Caisse d'Epargne et de Prevoyance Cote d'Azur
Caisse d'Epargne et de Prevoyance Ile-de-France
Caisse d'Epargne et de Prevoyance du Languedoc Roussillon
Caisse d'Epargne et de Prevoyance Loire-Centre

Caisse d'Epargne et de Prevoyance Loire Drome Ardeche
Caisse d'Epargne et de Prevoyance de Lorraine Champagne-Ardenne
Caisse d'Epargne et de Prevoyance de Midi Pyrenees
Caisse d'Epargne et de Prevoyance Nord France Europe
Caisse d'Epargne et de Prevoyance Normandie
Caisse d'Epargne et de Prevoyance de Picardie
Caisse d'Epargne et de Prevoyance Provence Alpes Corse
Caisse d'Epargne et de Prevoyance de Rhone Alpes

Banque Populaire du Sud-Ouest and Societe Centrale de Credit Maritime Mutuel
Long-and Short-term IDRs: affirmed at 'A+' and 'F1+' respectively and simultaneously withdrawn

Credit Cooperatif:
Long-term IDR: affirmed at 'A+'; Outlook Negative
Short-term IDR: affirmed at 'F1+'
Senior unsecured debt: affirmed at 'A+'
BMTN Programme: affirmed at 'A+'
Commercial paper: affirmed at 'F1+'

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Applicable criteria, 'Global Financial Institutions Rating Criteria', dated 15 August 2012', and 'Rating Criteria for Banking Structures backed by Mutual Support Mechanism', dated 11 April 2012, are available at www.fitchratings.com.

Applicable Criteria and Related Research:

Global Financial Institutions Rating Criteria

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=686181

Rating Criteria for Banking Structures Backed by Mutual Support Mechanisms

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=666999

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