

FITCH DOWNGRADES MAJOR FRENCH BANKS

Fitch Ratings-Paris/London-17 July 2013: Fitch Ratings has downgraded the Long-term Issuer Default Ratings (IDRs) of Credit Agricole (CA), Societe Generale (SG), Groupe BPCE (GBPCE), Dexia and Dexia Credit Local (DCL) to 'A' from 'A+' and Short-term IDRs to 'F1' from 'F1+'. Fitch has also downgraded BNP Paribas' (BNPP) and CM11-CIC's Short-term IDRs to 'F1' from 'F1+'. The Viability Ratings (VRs) of all French banks and BNPP's and CM11-CIC's Long-term IDRs are unaffected. In addition, BNPP's, CA's, CM11-CIC's, SG's, GBPCE's, Dexia's and DCL's Support Rating Floors (SRFs) have been revised to 'A' from 'A+'.

Fitch has affirmed Credit Immobilier de France Developpement's (CIFD) Long-term IDR at 'A', Short-term IDR at 'F1' and SRF at 'A'. La Banque Postale's (LBP) Long-term IDR has been downgraded to 'A+' from 'AA-' and Short-term IDR affirmed at 'F1+'. A full list of ratings actions is at the end of this comment. The impact on the banks' related entities will be detailed in a separate rating action commentary.

KEY RATING DRIVERS - IDRS, SUPPORT RATINGS, SUPPORT RATING FLOORS AND SENIOR DEBT

The rating actions follow Fitch's downgrade of France to 'AA+/'Stable from 'AAA'/Negative on 12 July 2013. The downgrade of the French state to 'AA+' means that Fitch considers its ability to support French banks has decreased slightly. Hence, the agency has revised certain French banks' SRFs. Accordingly, Fitch has downgraded the Long-term IDRs of banks whose IDRs were derived from their SRFs (because they were higher than their VRs) and whose SRFs have been revised. The related Short-term IDRs have been downgraded to 'F1' in line with the mapping that links Short-term and Long-term IDRs generally applied by Fitch. The downgrade of LBP reflects the downgrade of its 100% shareholder, La Poste (to 'AA-'/'Stable), France's state-owned post office.

BNPP's, CA's, SG's, GBPCE's and CM11-CIC's, Support Ratings and SRFs reflect their systemic importance domestically given their size, significant deposit market shares and the fact they are core providers of credit and other key financial services to the French economy. Moreover, BNPP, CA, SG and GBPCE are considered globally systemic financial institutions according to the Financial Stability Board.

Credit Agricole S.A.'s Support Rating and SRF reflect its integral role within CA and Fitch's opinion that potential state support to the group would flow through Credit Agricole S.A. BPCE S.A.'s Support Rating and SRF reflects its integral role within Groupe BPCE and Fitch's opinion that potential state support to the group would flow through BPCE S.A. Banque Federative du Credit Mutuel's (BFCM) Support Rating and SRF reflect its integral role within CM11-CIC and Fitch's opinion that potential state support to the group would flow through BFCM.

CIFD's, Dexia's and DCL's Support Ratings and SRFs reflect the agency's opinion that they would continue to be supported by the French authorities in order to preserve financial system stability. Any default of these banks could disrupt the financial markets, which remain fragile. Moreover, these banks have obtained EC approval for state aid received (albeit temporary approval for CIFD). Caisse Centrale du Credit Immobilier de France's (3CIF) Support Rating and SRF reflect its integral role within CIFD. Both 3CIF and DCL have benefited from state guarantees for issuing debt. Fitch considers that the French state is extremely likely to continue to provide support necessary to ensure that both the CIFD and Dexia groups continue to be wound down in an orderly way.

SG's, GBPCE's, CIFD's, Dexia's and DCL's Long-Term IDRs (and senior debt in the case of SG and DCL) are at their SRFs and still factor in potential support from the French state, in case of need. BPCE S.A.'s IDRs (and senior debt) are aligned with those of Groupe BPCE as BPCE S.A. is part of GBPCE's cross-support mechanism. 3CIF's IDRs (and senior debt) are aligned with those of CIFD as 3CIF is the group's main issuing vehicle and manages the group's liquidity. The Stable

Outlook on all these banks reflects that on France's sovereign IDR.

BNPP's, CM11-CIC's and CA's IDRs (and senior debt in the case of BNPP) are driven by their standalone financial strength, as indicated by their VRs. BFCM's IDRs (and senior debt) are aligned with those of CM11-CIC as BFCM is a core subsidiary; it is the group's main issuing vehicle, manages the group's liquidity and controls the group's subsidiaries. Credit Agricole S.A.'s IDRs (and senior debt) are aligned with those of CA as Credit Agricole S.A. is part of CA's cross-support mechanism.

BNPP's and CM11-CIC's Short-term IDRs of 'F1' rather than the 'F1+' possible mapping from a Long-term IDR of 'A+' are typical for European banks rated 'A+' whose IDRs are not based on support. Other than a support-based rationale, a 'F1+' would only be assigned if liquidity was exceptionally strong for the rating level, which is not the case for these banks.

LBP's IDRs (and accordingly senior debt) and Support Rating reflect Fitch's view that it would be supported, if required, by its 100% shareholder, La Poste, France's state-owned post office, and ultimately by La Poste's owner, the French state. LBP's Long-Term IDR is one notch lower than that of La Poste, reflecting Fitch's view of potential timeliness issues in the provision of support.

RATING SENSITIVITIES - SUPPORT RATINGS AND SUPPORT RATING FLOORS

Support Ratings and SRFs would be sensitive to a decrease in Fitch's view of France's ability (as measured by its rating) or willingness to support these banks. These ratings are also sensitive to a change in Fitch's assumptions around the availability of sovereign support for French financial institutions. There is a clear political intention to ultimately reduce the implicit state support for systemically important banks in Europe, as demonstrated by a series of policy and regulatory initiatives aimed at curbing systemic risk posed by the banking industry. This might result in Fitch revising SRFs down in the medium term, although the timing and degree of any change would depend on ongoing developments and ongoing policy discussions around support and 'bail in' for eurozone banks. Until now, senior creditors in major global banks have been supported in full, but resolution legislation is developing quickly and the implementation of creditor "bail-in" is starting to make it look more feasible for taxpayers and creditors to share the burden of supporting large banks.

LBP's Support Rating would be sensitive to any change in Fitch's view that institutional support is extremely probable to come from La Poste and ultimately the French state.

RATING SENSITIVITIES - IDRS AND SENIOR DEBT

SG's, GBPCE's, CIFD's, Dexia's and DCL's Long- and Short-Term IDRs (and senior debt in the case of SG and DCL) are sensitive to the same factors as those affecting their SRFs. BPCE S.A.'s IDRs (and senior debt) would be sensitive to any change in those of GBPCE. 3CIF's IDRs (and senior debt) would be sensitive to any change in those of CIFD.

BNPP's, CM11-CIC's and CA's IDRs (and senior debt in the case of BNPP) are driven by their VRs and therefore would be unaffected by any further downgrade of their SRFs. These ratings are sensitive to the same drivers as those that would affect their VRs, as detailed in previous commentary. BFCM's IDRs (and senior debt) would be sensitive to any change in those of CM11-CIC. Credit Agricole S.A.'s IDRs (and senior debt) would be sensitive to any change in those of CA.

The Stable Outlook on LBP's Long-Term IDR reflects that on La Poste and France's Long-Term IDRs. LBP's IDRs would be sensitive to a rating action on La Poste and therefore on France. LBP's IDRs could also be downgraded if Fitch reassessed La Poste's and ultimately France's propensity to provide support to LBP, or if state control of La Poste diminishes, which Fitch does not expect.

KEY RATING DRIVERS AND SENSITIVITIES - SUBORDINATED DEBT AND OTHER HYBRID SECURITIES

Subordinated debt and other hybrid capital issued by the banks are notched down from their VRs in accordance with Fitch's assessment of each instrument's respective non-performance and relative loss severity risk profiles. Their ratings are primarily sensitive to any change in the banks' VRs but

also to any change in Fitch's view of non-performance or loss severity risk relative to the banks' viability.

KEY RATING DRIVERS AND SENSITIVITIES - STATE GUARANTEED DEBT

Dexia Credit Local's debt guaranteed by the states of France, Belgium and Luxembourg on a several but not joint basis is rated the same as the weakest of the three sovereigns, which is currently Belgium (AA/Stable). Hence, this guaranteed debt has been affirmed. The ratings assigned to the securities issued under the guarantees are primarily sensitive to any rating action on the Belgian sovereign.

3CIF's long-term debt guaranteed by France has been downgraded to 'AA+' to reflect the downgrade of the sovereign to 'AA+'. Its short-term debt guaranteed by France has been affirmed at 'F1+' in line with that of the sovereign. The ratings will continue to move in line with those of the guarantor.

The rating actions are as follows:

BNP Paribas

Long-term IDR: 'A+'; Stable Outlook; unaffected

Short-term IDR: downgraded to 'F1' from 'F1+'

Viability Rating: 'a+'; unaffected

Support Rating: affirmed at '1'

Support Rating Floor: revised to 'A' from 'A+'

BMTN programme: 'A+'; unaffected

Debt issuance programme (AUD): Long-term 'A+' unaffected, and Short-term downgraded to 'F1' from 'F1+'

EMTN programme: Long-term 'A+' unaffected and Short-term downgraded to 'F1' from 'F1+'

Medium Term Note (MTN) programme: Long-term 'A+' unaffected and Short-term downgraded to 'F1' from 'F1+'

Short-term debt: downgraded to 'F1' from 'F1+'

Long-term senior debt: 'A+'; unaffected

Market linked securities: 'A+emr'; unaffected

Subordinated debt (lower Tier 2): 'A'; unaffected

Upper Tier 2: 'BBB+'; unaffected

Hybrid capital: 'BBB'; unaffected

Credit Agricole

Long-term IDR: downgraded to 'A' from 'A+'; Stable Outlook

Short-term IDR: downgraded to 'F1' from 'F1+'

Viability Rating: 'a'; unaffected

Support Rating: affirmed at '1'

Support Rating Floor: revised to 'A' from 'A+'

Credit Agricole S.A.

Long-term IDR: downgraded to 'A' from 'A+'; Stable Outlook

Short-term IDR: downgraded to 'F1' from 'F1+'

Support Rating: affirmed at '1'

Support Rating Floor: revised to 'A' from 'A+'

Senior debt: downgraded to 'A' from 'A+'

Short-term debt: downgraded to 'F1' from 'F1+'

Lower Tier 2: 'A-'; unaffected

Upper Tier 2: 'BBB'; unaffected

Innovative Tier 1: 'BBB-'; unaffected

Non-Innovative Tier 1: 'BBB-'; unaffected

Societe Generale

Long-term IDR: downgraded to 'A' from 'A+'; Stable Outlook

Short-term IDR: downgraded to 'F1' from 'F1+'

Viability Rating: 'a-' unaffected

Support Rating: affirmed at '1'
Support Rating Floor: revised to 'A' from 'A+'
Certificate of deposits: downgraded to 'F1' from 'F1+'
Commercial paper: downgraded to 'F1' from 'F1+'
Short-term debt: downgraded to 'F1' from 'F1+'
BMTN programme: downgraded to 'A' from 'A+'
EMTN programme: Long-term downgraded to 'A' from 'A+' and Short-term downgraded to 'F1' from 'F1+'
MTN programme: Long-term downgraded to 'A' from 'A+' and Short-term downgraded to 'F1' from 'F1+'
Debt issuance programme (AUD): downgraded to 'A' from 'A+'
Senior unsecured debt: downgraded to 'A' from 'A+'
Lower Tier 2 notes: 'BBB+'; unaffected
Upper Tier 2 notes: 'BBB-'; unaffected
Hybrid capital instruments: 'BB+'; unaffected

Groupe BPCE

Long-term IDR: downgraded to 'A' from 'A+'; Stable Outlook
Short-term IDR: downgraded to 'F1' from 'F1+'
Viability Rating: 'a-' unaffected
Support Rating: affirmed at '1'
Support Rating Floor: Revised to 'A' from 'A+'

BPCE S.A.

Long-term IDR: downgraded to 'A' from 'A+'; Stable Outlook
Short-term IDR: downgraded to 'F1' from 'F1+'
Support Rating: affirmed at '1'
Support Rating Floor: revised to 'A' from 'A+'
Senior unsecured debt: downgraded to 'A' from 'A+'
BMTN programme: downgraded to 'A' from 'A+'
EMTN programme: Long-term downgraded to 'A' from 'A+' and Short-term downgraded to 'F1' from 'F1+'
Short-term debt: downgraded to 'F1' from 'F1+'
Innovative Tier 1: 'BB+'; unaffected
Non-innovative tier 1: 'BB+'; unaffected
Lower Tier 2: 'BBB+'; unaffected
Commercial paper: downgraded to 'F1' from 'F1+'

CM11-CIC

Long-term IDR: 'A+'; Stable Outlook; unaffected
Short-term IDR: downgraded to 'F1' from 'F1+'
Viability Rating: 'a+'; unaffected
Support Rating: affirmed at '1'
Support Rating Floor: revised to 'A' from 'A+'

Banque Federative du Credit Mutuel (BFCM)

Long-term IDR: 'A+'; Stable Outlook; unaffected
Short-term IDR: downgraded to 'F1' from 'F1+'
Support Rating: affirmed at '1'
Support Rating Floor: revised to 'A' from 'A+'
Senior Unsecured debt: 'A+'; unaffected
Market linked notes: 'A+emr' unaffected
BMTN programme: 'A+'; unaffected
EMTN programme: Long-term 'A+' unaffected and Short-term downgraded to 'F1' from 'F1+'
Lower Tier 2: 'A'; unaffected
Hybrid capital instruments: 'BBB'; unaffected
Short-term debt: downgraded to 'F1' from 'F1+'
Commercial paper: downgraded to 'F1' from 'F1+'
Certificate of deposit: downgraded to 'F1' from 'F1+'

Credit Immobilier de France Developpement (CIFD)

Long-term IDR: affirmed at 'A'; Stable Outlook

Short-term IDR: affirmed at 'F1'

Support Rating: affirmed at '1'

Support Rating Floor: affirmed at 'A'

Viability Rating: 'f'; unaffected

Caisse Centrale du Credit Immobilier de France (3CIF) (CIFD group)

Long-term IDR: affirmed at 'A'

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: affirmed at 'A'

EMTN Programme: Long-term affirmed at 'A' and Short-term affirmed at 'F1'

Guaranteed BMTN programme: downgraded to 'AA+' from 'AAA'

Guaranteed certificate of deposits programme: Affirmed at 'F1+'

Guaranteed notes: downgraded to 'AA+' from 'AAA'

Commercial paper programme: affirmed at 'F1'

Certificate of deposit programme: affirmed at 'F1'

La Banque Postale

Long-term IDR: downgraded to 'A+' from 'AA-'; Stable Outlook

Short-term IDR: affirmed at 'F1+'

Support Rating: affirmed at '1'

Viability Rating: 'bbb'; unaffected

Senior unsecured long-term debt: downgraded to 'A+' from 'AA-'

Short-term debt: affirmed at 'F1+'

Dexia

Long-term IDR: downgraded to 'A' from 'A+'; Stable Outlook

Short-term IDR downgraded to 'F1' from 'F1+'

Support rating: affirmed at '1',

Support Rating Floor: revised to 'A' from 'A+'

Dexia Funding Luxembourg:

Hybrid securities: 'C'; unaffected

Dexia Credit Local

Long-term IDR: downgraded to 'A' from 'A+'; Stable Outlook

Senior debt: downgraded to 'A' from 'A+'

Market linked notes: downgraded to 'Aemr' from 'A+emr'

Tier 1 hybrid securities: 'C'; unaffected

Subordinated debt: 'CCC'; unaffected

Short-term IDR: downgraded to 'F1' from 'F1+'

Commercial paper: Downgraded to 'F1' from 'F1+'

Support Rating: affirmed at '1'

Support Rating Floor: revised to 'A' from 'A+'

Long-term state guaranteed debt: 'AA'; affirmed

Short-term state guaranteed debt: 'F1+'; affirmed

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Additional information is available at www.fitchratings.com.

Applicable criteria, 'Global Financial Institutions Rating Criteria', dated 15 August 2012; 'Rating Criteria for Banking Structures Backed by Mutual Support Mechanisms' dated 20 December 2012; 'Assessing and Rating Bank Subordinated and Hybrid Securities', dated 5 December 2012; 'Evaluating Corporate Governance', dated 12 December 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

Assessing and Rating Bank Subordinated and Hybrid Securities

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=695542

Evaluating Corporate Governance

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=694649

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