



## Press Release

### 2016 stress test confirms Groupe BPCE's financial strength

Paris, July 30, 2016

**The stress test performed by the EBA<sup>1</sup> and the ECB confirms Groupe BPCE's financial strength. The stress-test adverse scenario had the effect of reducing the Group's phased-in Common Equity Tier 1 ratio<sup>2</sup> from 13.0% at end-2015 to 9.7% at end-2018. This impact of - 329bps<sup>3</sup> positions the Group well compared to the average impact on the 51 European Union banks participating in the EBA<sup>1</sup> stress test of - 380 bps<sup>3</sup>.**

This result demonstrates the group's robustness, particularly as the stress test was performed with a methodology incorporating sizeable differences with that conducted in 2014 (see box on page 2).

The stress-test adverse scenario had the effect of reducing the Group's phased-in Common Equity Tier 1 ratio<sup>2</sup> from 13.0% at end-2015 to 9.7% at end-2018, equivalent to an impact of - 329bps<sup>3</sup>.

This impact is lower than the average impact of - 380 bps<sup>3</sup> in the stress-test adverse scenario on the 51 European Union banks participating in the EBA<sup>1</sup> stress test.

The Group's solvency has improved further since end-2015, such that the Common Equity Tier 1 ratio<sup>2</sup> reached 13.7% on a phased-in basis at June 30, 2016 (and 13.5% on a fully-loaded basis<sup>4</sup> on the same date).

The full results can be viewed on [www.bpce.fr/en/Investors/Regulated-information/Regulatory-publication](http://www.bpce.fr/en/Investors/Regulated-information/Regulatory-publication).

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<sup>1</sup> European Banking Authority

<sup>2</sup> With CRD 4/CRR phase-in

<sup>3</sup> Basis points (1 basis point = 0.01%)

<sup>4</sup> Without CRD 4/CRR phase-in

### **Details on methodology**

The main methodological changes – which increase the requirements for all banks subject to the stress test – are as follows:

- introduction of a conduct risk component, i.e. the simulation of losses stemming from non-compliance with regulations or failure to respect rules of good conduct vis-à-vis customers when providing financial services;
- a twofold constraint on net interest income: net interest income cannot increase from the 2015 level and interest expenses cannot decrease from their 2015 level;
- fee and dividend income is capped in relative terms (as a proportion of total assets), this cap equating to the lower of the average of the two worst years in the past and the proportion observed in 2015.

The macroeconomic component of the stress-test adverse scenario is similar to that employed in 2014. In France's case, as in 2014, the main source of severity is a fall in housing prices over the period of projection (14% fall between end-2015 and end-2018).

### **About Groupe BPCE**

*Groupe BPCE, the 2<sup>nd</sup>-largest banking group in France, includes two independent and complementary cooperative commercial banking networks: the network of 18 Banque Populaire banks and the network of 17 Caisses d'Épargne. It also works through Crédit Foncier in the area of real estate financing. It is a major player in Investment Solutions, Corporate & Investment banking and financial services with Natixis. Groupe BPCE, with its 108,000 employees, serves a total of 35 million customers and enjoys a strong local presence in France with 8,000 branches and more than 8.9 million cooperative shareholders.*

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