

PRESS RELEASE

Paris, 27/02/2019

BRED posts the best results in its history with both NBI (+4.6%) and Net Income (+8%) increasing for the sixth year in a row

**NET BANKING INCOME EXCLUDING
NON-RECURRING ITEMS INCREASES
BY 4.6%: +€52M**

(+3.4% in accounting presentation)

**COMMERCIAL BANKING FRANCE NBI GROWS BY 6%:
+€49M**

**INTERNATIONAL BANKING DEVELOPING STEADILY WITH
2018 NBI UP 13%: +€9M**

EXCELLENT COST/INCOME RATIO: 60.2%

NET INCOME of €277M, UP 8%: +€20M

**NEW SUCCESSFUL CAPITAL INCREASE (€176M) TO SUPPORT BRED'S
DEVELOPMENT**

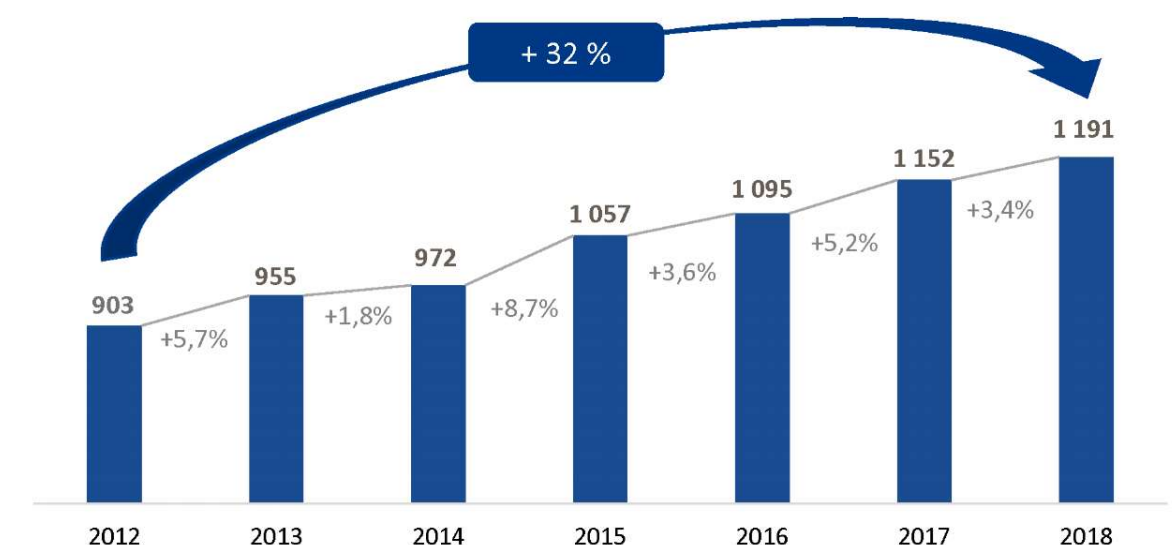
EQUITY CAPITAL INCREASES TO 4.4 BILLION EUROS, UP 10%

**CET1 CAPITAL ADEQUACY RATIO CONTINUES TO IMPROVE
16%**

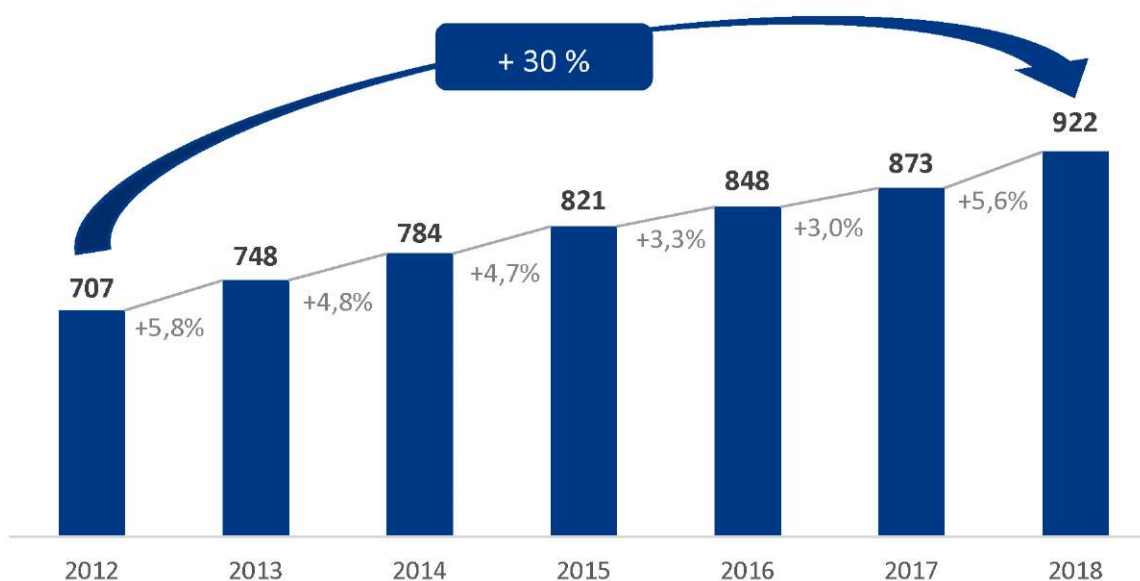
Sixth consecutive year of increase in NBI

Excluding non-recurring items, NBI growth stands at 4.6%, a figure that validates BRED Group's strategic choices. BRED's consolidated net banking income has increased for the sixth consecutive year, to €1.191B.

Increase in consolidated accounting NBI (in millions of euros)



Increase in consolidated NBI for Commercial Banking France (in millions of euros)

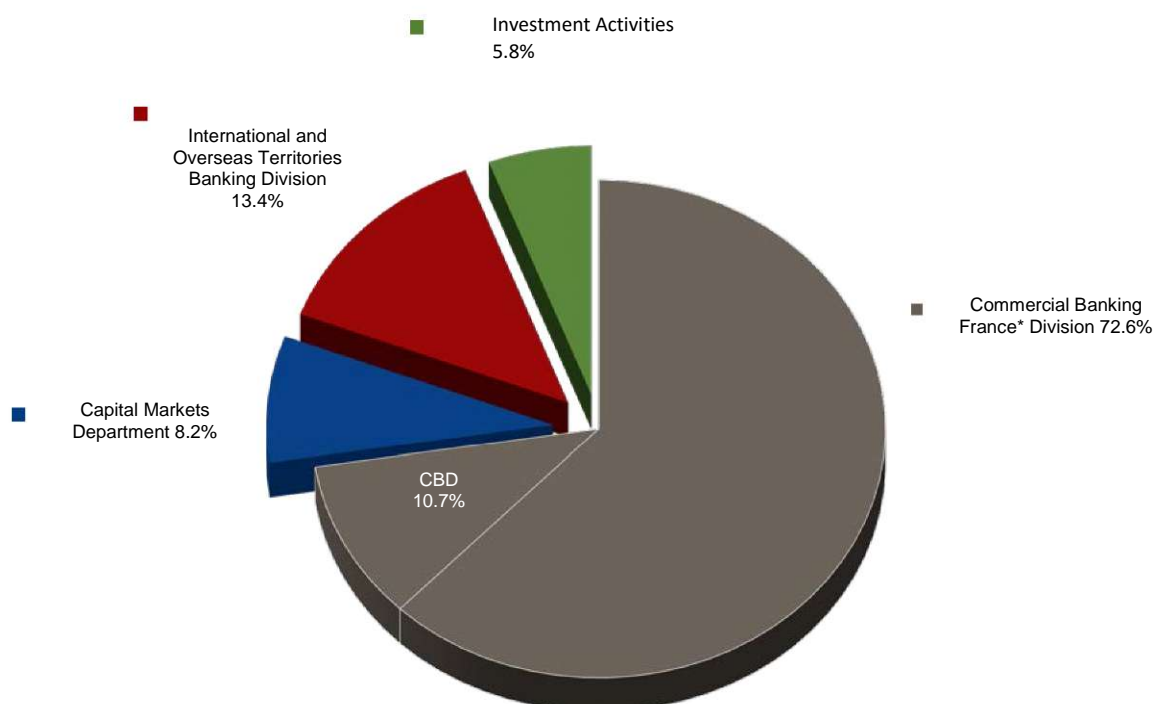


In 2018, in a persistent low interest rate environment, Commercial Banking France posted good results with an NBI up 6% excluding non-recurring items. This growth stems from continued development of the commercial balance sheet, driving net interest margin up by 7.5%, as well as positive fee income dynamics (+5 % excluding prepayment penalties). The bank enjoyed robust commercial performance with more than 75,200 new business relationships, mortgage origination at €2.3bn, equipment loan origination of €1.5bn, and total outstanding loans up by 12%.

The International and Overseas Territories Banking division contributed strongly with NBI up by 13%, with notable growth from our International Trade Finance activity in Geneva and very encouraging developments for our newly established banks in Cambodia and the Solomon Islands.

Although capital market activities did not match the record revenues achieved in 2017, which had benefited from spread tightening on hedging instruments, NBI was still above plan. Investment activities posted a greater NBI due to good performances of the private equity and real estate portfolios.

Breakdown of NBI excluding non-recurring items by division



* Including ALM

The NBI of the banking subsidiaries and controlling interests abroad is stated here in accordance with the percentage of the holding, independently of the accounting treatment.

Contribution of each division to the variation in NBI

<i>Figures in €M</i>	Amount of variation 2017-2018	Contribution to total variation
Commercial Banking France*	+49.1	95.0%
International and Overseas Territories Banking	+9.4	18.2%
Capital Markets Division	-13.4	- 25.9%
Investment Activities	+5.9	11.4%
PEL and other provisions	+0.8	1.5%
NBI excluding non-recurring items	+51.7	

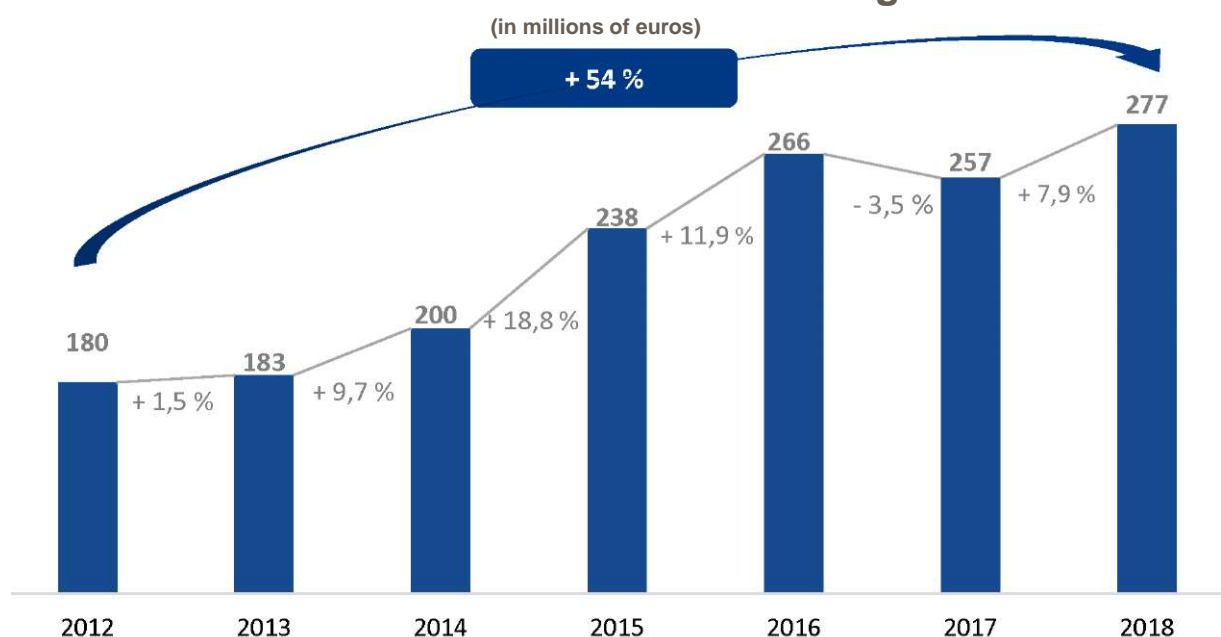
Excluding the contributions to the Single Resolution Fund and BPCE management fees, BRED Group's operating expenses increased 2.5%, in line with continued investments made in upgrading the branch network, developing digital solutions and staff training.

At 60.2%, BRED's cost-to-income ratio sets a standard in the French banking sector. It has improved by 7 points since 2012.

Credit risk from non-performing loans amounts to €76M, down 23%. However, statistical provisioning of performing loans is now calculated in line with the new IFRS 9 standards and has substantially increased .

BRED Group posted the highest net income of its history in 2018, up 8%. It has shown a steady increase, from €180M in 2012 to €277M in 2018.

Growth in consolidated net accounting income



The capital adequacy and liquidity ratios are at very comfortable levels.

Shareholder's equity amounts to €4.4bn, up 10% (+€411M) over the period thanks to an excellent net income figure and to a capital increase of €176M to cooperative members. The **CET1** capital adequacy ratio stands at a solid **16.0%** and the overall ratio stands at **16.1%**, for a regulatory minimum of 10.88%.

The **LCR** liquidity ratio amounts to **132.77%** as at 31 December 2018 for a regulatory minimum requirement of 100%.

About BRED

BRED is a cooperative Banque Populaire, supported by its 200,000 members, 4.4 billion euros in equity, and 5,600 employees - including 25% outside mainland France and in French Overseas Departments. It operates in the Greater Paris region, Normandy, and Seine-et-Marne/Aisne, as well as in South East Asia, the Pacific and the Horn of Africa via its commercial banking subsidiaries.

As a community bank with strong ties in local areas, it has a network of 114 branch clusters and 322 branches in France, 16 business centres, 13 asset management centres and a dedicated wealth management centre. It maintains a long-term relationship with more than one million customers.

As part of the BPCE Group, BRED Banque Populaire operates in various activity sectors: retail banking, corporate banking for large-cap companies and institutional investors, wealth management, international banking, asset management, trading, insurance, and international trade financing.

In 2018, BRED realised consolidated NBI of €1.191B (+3.4%). Excluding non-recurring items, NBI has increased by 4.6% and net income stands at 277 million euros, up 8%.

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BRED consolidated income statement

(The figures presented are the consolidated financial figures for BRED established in accordance with the IFRS 9 standard as adopted by the European Union).

<i>In €M</i>	31/12/2017	31/12/2018	Variation 2018 vs. 2017	
NET BANKING INCOME	1,152.1	1,191.2	39.1	3.4%
TOTAL OPERATING EXPENSES - EXCLUDING SRF AND BPCE CONTRIBUTIONS	-649.3	-665.5	-16.2	2.5%
SRF	-11.5	-18.3	-6.8	59.1%
BPCE Contribution	-32.0	-33.4	-1.4	4.5%
TOTAL EXPENSES	-692.8	-717.2	-24.4	3.5%
GROSS OPERATING PROFIT	459.3	473.9	14.6	3.2%
Cost/income ration	60.1%	60.2%	0.1 pt	
OPERATING PROFIT	365.8	364.8	-0.9	-0.2%
PRE-TAX PROFIT	392.4	388.3	-4.1	-1.1%
NET PROFIT	256.5	276.6	20.1	7.8%
NET PROFIT GROUP SHARE	257.2	277.4	20.2	7.9%

BRED consolidated income statement excluding non-recurring items

<i>In €M</i>	31/12/2017	31/12/2018	Variation 2018 vs. 2017	
NET BANKING INCOME	1,134.2	1,185.9	51.7	4.6%
TOTAL OPERATING EXPENSES - EXCLUDING SRF AND BPCE CONTRIBUTIONS	-649.3	-665.5	-16.2	2.5%
SRF	-11.5	-18.3	-6.8	59.1%
BPCE Contribution	-32.0	-33.4	-1.4	4.5%
TOTAL EXPENSES	-692.8	-717.2	-24.4	3.5%
GROSS OPERATING PROFIT	441.4	468.6	27.2	6.2%
Cost/income ration	61.1%	60.5%	-0.6 pt	
OPERATING PROFIT	347.9	359.5	11.7	3.4%
PRE-TAX PROFIT	374.5	386.0	11.5	3.1%
NET PROFIT	256.2	274.7	18.6	7.2%
NET PROFIT GROUP SHARE	256.9	275.6	18.7	7.3%