

PRESS RELEASE

Paris, 31 August 2019

BRED continued to grow in H1, with a 6.2% rise in its Net Banking Income and Net Profit up 26%.

NET BANKING INCOME ROSE BY 6.2%: +€37m

COMMERCIAL BANKING FRANCE NBI INCREASED BY 4.4%: +€20m

**INTERNATIONAL BANKING HAS CONTINUED TO GROW
NBI IN 2019 UP 11.2%: +€4m**

EXCELLENT COST/INCOME RATIO: 60.7%

NET INCOME OF €161m, UP 26%

GROWTH IN SHAREHOLDERS' EQUITY OF €4.6bn: +12% over one year

A VERY COMFORTABLE CET1 RATIO: 15.8%

A further rise in NBI

Consolidated NBI came in at €630m in H1, up 6.2%.

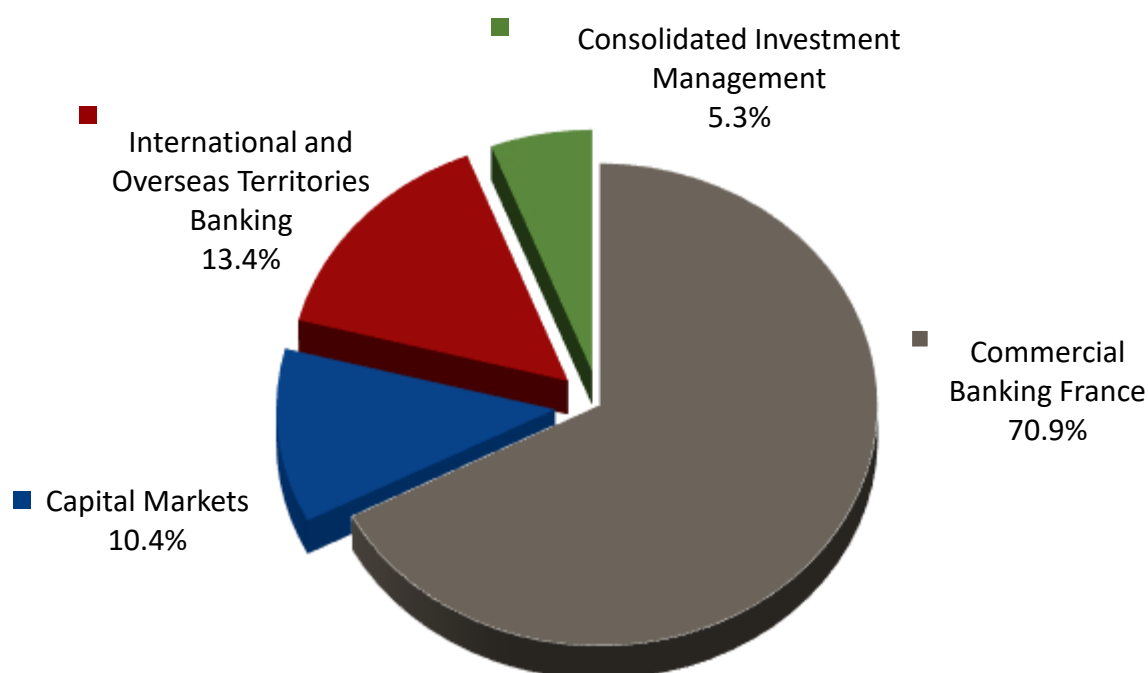
This growth was driven primarily by Commercial Banking France: +€20m (+4.4%). The momentum of added value advisory services and the customer offer offset the effects of narrowing margins. Loan outstandings rose by 6.2% over the half-year period.

As in 2018, International and Overseas Territories Banking, which recorded a €4m increase (+11.2%), benefited from the strong development of our banks in Cambodia and the Solomon Islands, as well as the International Trade Financing activity.

Capital Markets activities posted an excellent first half with NBI up by €17m (+32%), favoured by a cyclical narrowing of spreads, but also reflecting the ongoing strengthening of BRED's position as a supplier of liquidity and investment solutions to large institutional clients.

Lastly, the NBI of the Consolidated Investment Management activity declined by €6m (-14.8%), due to a lower contribution of the private equity portfolio following an exceptional year in 2018.

Breakdown of NBI 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.

“Addressable” operating expenses (on a constant consolidation scope basis, excluding the contribution to the Single Resolution Fund, the BPCE contribution, transformation costs and provisions for profit-sharing and incentives) rose by 3.5%, reflecting the investments in technology, the modernisation of the branch network, advisor training and international development.

The cost-to-income ratio (including all charges) stood at 60.7%, one of the lowest among French banks.

The cost of risk on impaired loans was €29m, down 17% and showing a marked improvement for corporate clients. We also note the absence of provisions booked on healthy outstandings, compared to the €15m booked in H1 2018.

Despite the difficult economic environment for European banks, BRED posted net profit of €161m in H1 2019, up 26%, a mark of the success of its non-remote, human and digital banking model that it has been developing unfalteringly over the past several years.

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 IFRS as adopted by the European Union).

In € m	30-june -18	30-june-19	Change
NET BANKING INCOME	593,6	630,5	+6,2%
Personnel costs excluding profit sharing and incentives	-171,1	-177,1	+3,6%
External services	-84,3	-88,0	+4,5%
Taxes - excluding SRF	-19,8	-18,8	-5,4%
Depreciation and amortisation of assets (excluding leases)	-18,5	-20,0	+7,4%
ADDRESSABLE OPERATING EXPENSES	-293,7	-303,9	+3,5%
Non-addressable expenses: profit sharing and incentives, Single Resolution Fund, BPCE contribution, conversion costs	-69,2	-78,9	+14,0%
TOTAL EXPENSES	-362,9	-382,8	+5,5%
GROSS OPERATING INCOME	230,7	247,8	+7,4%
COST OF RISK	-50,3	-28,4	-43,4%
Cost of risk on impaired outstandings (bucket 3)	-34,9	-28,9	-17,1%
Cost of risk on healthy outstandings (buckets 1 and 2)	-15,4	0,5	NA
OPERATING INCOME	180,3	219,4	+21,6%
Share of income of equity associates	14,1	17,3	+22,4%
Gains and losses on other assets	-0,1	1,8	NA
Change in goodwill	0,0	0,9	NA
PRE-TAX PROFIT	194,3	239,3	+23,1%
Income tax	-67,5	-77,5	+14,8%
NET PROFIT	126,8	161,8	+27,6%
Minority interests	0,9	-0,5	-155,8%
NET PROFIT GROUP SHARE	127,7	161,3	+26,3%