

Press Release

Planned disposal by Natixis and acquisition by BPCE SA of the Consumer financing, Factoring, Leasing, Sureties & guarantees and Securities services businesses, for a price of €2.7bn

Paris, September 12, 2018

In order to strengthen its universal banking model, address new customer usage and better meet clients' needs across the Banques Populaires and Caisses d'Épargne networks, Groupe BPCE plans to integrate the Consumer financing, Factoring, Leasing, Sureties & guarantees and Securities services businesses within BPCE SA, thereby simplifying its organization. To that end, BPCE SA is contemplating the acquisition of such activities from Natixis, for a total price of €2.7bn.

This operation would lead Natixis to pay a special cash dividend up to €1.5bn, contingent on any significant acquisition project that may arise by the closing of the transaction.

If finalized, the intended transaction will significantly contribute towards Groupe BPCE and Natixis' ambitions laid out in their respective TEC 2020 and New Dimension strategic plans which targets are reviewed upwards on this occasion (Natixis 2020 RoTE target of 14-15.5%⁽¹⁾ vs. 13-14.5% previously).

If successfully completed, the foreseen transaction will allow Natixis to accelerate the development of its asset-light model. Natixis would invest up to €2.5bn over its New Dimension strategic plan, primarily in asset management, compared with €1bn initially planned.

Natixis' independent directors were informed of the projected transaction and appointed Morgan Stanley to provide the fairness opinion on this operation. Independent directors have assessed the terms and conditions of the proposed transaction over the course of several meetings, with the support of Morgan Stanley, and ruled in favor of the project at today's Natixis Board of Directors' meeting.

BPCE SA Supervisory Board also approved the transaction project today. Board members who are also Natixis' directors did not take part in the vote.

Morgan Stanley will continue its assessment over the months ahead and the fairness opinion should be submitted to the Natixis Board of Directors once the final terms of the transaction have been defined, and after approval of the supervisory authorities and consultation with the employee representative bodies involved. The conclusions of this fairness opinion will be communicated once final.

The realization of the transaction would imply a capital increase from BPCE SA, underwritten by the Banques Populaires and the Caisses d'Épargne.

The closing of the transaction is expected towards the end of the first quarter of 2019.

A DRIVER OF VALUE CREATION

The planned acquisition of the Consumer financing, Factoring, Leasing, Sureties & guarantees and Securities services businesses would enable Groupe BPCE to:

- provide its clients with a more coordinated product and service range, as well as improved customer experience,
- step up the high value-added solutions offering,
- enhance the way it addresses customer needs and new digital usage.

Natixis would reinforce its strategic mobility with the 2020 CET1 ratio target of 11% achieved ahead of plan, after paying out a special cash dividend up to €1.5bn (contingent on any significant acquisition project that may arise by the closing of the transaction). Regardless of such a dividend distribution, Natixis' room for manoeuvre to accelerate the development of its asset-light strategy across its high value-added areas of expertise that consume little capital and cost of risk, will increase, with Groupe BPCE to support Natixis' growth ambitions, if needed.

This deal would afford Natixis greater financial flexibility as a result of a shorter balance sheet duration (>75% with maturity < 1 year) and greater ability to adjust its expense trajectory, depending on its revenue evolution.

Natixis will continue to work closely with the Banques Populaires and Caisses d'Épargne networks across its full range of fast-growing business lines i.e. Asset & Wealth Management, Corporate & Investment Banking, Insurance, and Payments. Pro forma for the transaction, Natixis would generate ~16% of its 2017 revenues with the networks and the three quarters of the synergies that were identified between Natixis and Groupe BPCE networks over the New Dimension plan would remain.

Natixis would also generate 53% of its 2017 pro forma revenues outside France.

Laurent Mignon, Chairman of Groupe's BPCE Management Board, states: *"In less than 10 years, our teams' commitment and hard work across the Group have helped us successfully build our universal cooperative banking model based on strong banners that each boast a singular client focus. This planned transaction would mark the start of a new step in Groupe BPCE's transformation and take us closer to the goals outlined in our TEC 2020 strategic plan as well as in Natixis' New Dimension plan. It would also help us more effectively address our customers' needs across the Banques Populaires and Caisses d'Épargne networks, enhance the quality of our products and services, and continue transforming the business lines involved in the deal while also driving their growth. These factors together would set the stage for Natixis to more swiftly implement its asset-light model with its clients and the Group's two retail networks".*

François Riahi, Chief Executive Officer of Natixis, adds: *"This planned transaction would give Natixis further financial firepower to invest in its differentiating asset-light business lines – primarily asset management – and provide additional growth opportunities for the company. Today marks another milestone in Natixis' development and demonstrates our ability to step up the roll-out of our New Dimension strategic plan. This proposed transaction would give Natixis' balance sheet greater flexibility and make the company more responsive and agile in an ever more demanding market environment. We stand firmly at the heart of Groupe BPCE and this move would put us in an even better position to further support our clients and Banques Populaires and Caisses d'Épargne customers right across our business lines – Asset & Wealth Management, Corporate & Investment Banking, Insurance, and Payments."*

STRATEGIC AND FINANCIAL TARGETS REVIEWED UPWARDS ON THE OCCASION OF THIS OPERATION

Groupe BPCE

- Additional net income of ~€80m by 2020 (~€60m in 2017) post minority buy-back
- Furthermore, the impact on Groupe BPCE's CET1 ratio would be around -20bps

Natixis

- 2020 RoTE target revised from 13-14.5% to 14-15.5%⁽¹⁾
- Acquisition capacity raised to €2.5bn⁽²⁾ over 2018-2020
- Theoretical dividend capacity of ~€5.6bn⁽²⁾ over 2018-2020

Furthermore, the transaction would have the following impacts:

- RWA deconsolidation of ~€14bn, based on 31/12/17
- Positive one-off P&L impact of ~€450m⁽³⁾ on Natixis' net income, fully-booked by the closing of the transaction
- Annual net income deconsolidation of ~€200m, based on 31/12/17

About Groupe BPCE

Groupe BPCE, the 2nd-largest banking group in France, includes two independent and complementary cooperative commercial banking networks: the network of 14 Banque Populaire banks and the network of 15 Caisses d'Épargne. It also works through Crédit Foncier in the area of real estate financing. It is a major player in Asset and Wealth management, Insurance, Corporate & Investment Banking and Specialized Financial Services with Natixis. Groupe BPCE, with its 106,500 employees, serves a total of 31 million customers and enjoys a strong local presence in France with 7,800 branches and 9 million cooperative shareholders.

The senior preferred debt long term is rated by four financial rating agencies, Moody's (A1, stable outlook), S&P (A, positive outlook), Fitch (A, positive outlook) and R&I (A, stable outlook).

About Natixis

Natixis is the international corporate and investment banking, asset management, insurance and financial services arm of Groupe BPCE, the 2nd-largest banking group in France with 31 million clients spread over two retail banking networks, Banque Populaire and Caisse d'Épargne.

With more than 21,000 employees, Natixis has a number of areas of expertise that are organized into four main business lines: Asset & Wealth Management, Corporate & Investment Banking, Insurance and Specialized Financial Services.

A global player, Natixis has its own client base of companies, financial institutions and institutional investors as well as the client base of individuals, professionals and small and medium-size businesses of Groupe BPCE's banking networks.

Figures as at June 30, 2018

⁽¹⁾ Post SRF contribution and US tax reform reviews

⁽²⁾ ~€400m already invested since January 1, 2018

⁽³⁾ Impact estimated at end-2018. Figure may vary depending on potential tax adjustments

⁽⁴⁾ Based on CRR-CRD4 rules as reported on June 26, 2013, including the Danish compromise - without phase-in

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