

# Groupe BPCE

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Author: Dr Frederik Kunze

Groupe BPCE is the second largest banking group in France and a global systemically important bank (additional capital buffer: 1%). It serves the retail and insurance business in France. Its distribution network consists of Banque Populaire and Caisse d'Epargne, Banque Palatine, Natixis, and Oney Bank. With Natixis, it has also been active globally in corporate and investment banking, asset management and payments. In doing so, it serves around 36 million customers in more than 40 countries. BPCE SA (BPCE) is the central institution within the French Groupe BPCE. BPCE's shares are held 50% each by 15 Caisses d'Epargne (savings banks) and 14 Banques Populaires (popular banks). Within the Group, BPCE is responsible for strategy, coordination and management, as well as for liquidity management, capital resources and risk management tasks. The Group joined the Net Zero Banking Alliance in July 2021 and has ambitious goals. Groupe BPCE's earnings power is evident from its latest net banking income (EUR 25.7bn; +14.1% Y/Y; FY/2021) and net income (EUR 4bn; factor of 2.5 y/y; FY/2021) figures. At 15.8%, the CET1 ratio is above the regulatory minimum and LCR requirements were also exceeded most recently (158%; Q4/2021). In terms of wholesale funding, the Group plans to reach a target of EUR 24bn, with covered bonds accounting for the largest share at EUR 11.5bn. As of the end of September 2021, Groupe BPCE's outstanding TLTRO III volume totaled EUR 97.2bn.

## Ratings

	Rating	Outlook
Fitch	A+	Negative
Moody's	A1	Stable
S&P	A	Stable

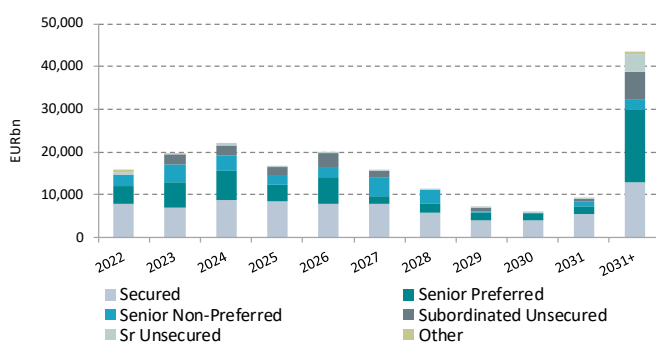
## Homepage

[www.groupebpce.com](http://www.groupebpce.com)

## Balance Sheet

(EURm)	2019Y	2020Y	2021Q3
Net Loans to Customers	781,985	818,907	-
Total Securities	212,378	219,050	-
Total Deposits	559,853	630,957	670,053
Tier 1 Common Capital	65,992	68,969	69,900
Total Assets	1,321,648	1,446,269	1,504,526
Total Risk-weighted Assets	421,599	431,222	442,000

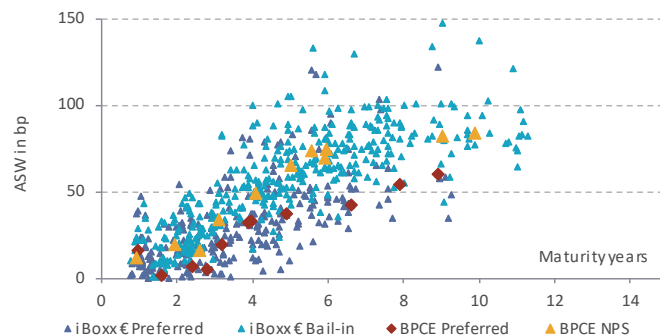
## Redemption Profile



## Income Statement

(EURm)	2019Y	2020Y	2021Q3
Net Interest Income	8,660	9,170	-
Net Fee & Commission Inc.	9,585	9,187	-
Net Trading Income	2,262	1,250	-
Operating Expense	17,582	16,644	-
Credit Commit. Impairment	1,312	2,936	-
Pre-tax Profit	5,538	2,789	-

## Senior Unsecured Bonds (EUR BMK)



## Company Ratios

	2019Y	2020Y	2021Q3		2019Y	2020Y	2021Q3
Net Interest Margin	0.74	0.74	-	Liquidity Coverage Ratio	140.69	156.12	160.00
ROAE	4.98	2.27	6.99	IFRS Tier 1 Leverage Ratio	5.23	4.97	-
Cost-to-Income	71.56	74.20	-	NPL/Loans at Amortised Cost	3.02	2.78	2.85
Core Tier 1 Ratio	15.65	15.99	15.81	Reserves/Loans at Amort. Cost	1.81	1.78	1.77

As of: 15.02.2022; Source: Bloomberg, S&P Global Market Intelligence, NORD/LB Markets Strategy & Floor Research

## Strengths / Opportunities

- Market position and capitalisation
- Focused strategy

## Risks / Weaknesses

- Earnings situation (low interest rate environment)
- Cost efficiency

# Covered Bonds

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## Outstanding covered bonds with a volume of EUR 32.7bn

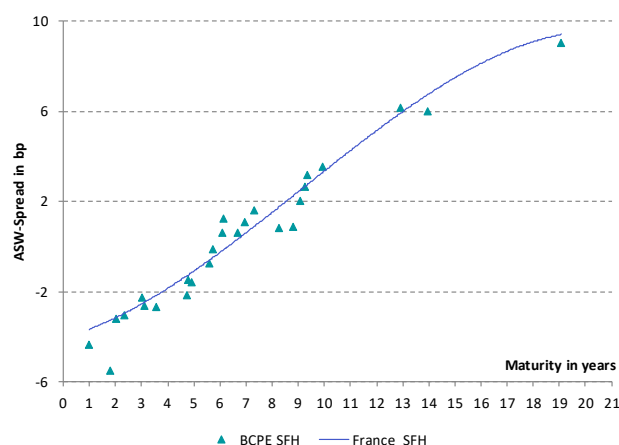
As of 31 December 2021, BPCE SFH (BPCE) had outstanding covered bonds with a volume of EUR 32.7bn, compared to cover assets of EUR 45.2bn. The reported OC ratio was 10.3%. In the iBoxx EUR Covered, the institute was represented in February with 26 EUR benchmarks with a total volume of EUR 28.05bn, making it one of the five largest issuers in the iBoxx EUR Covered.

### Programme data

31 December 2021	Mortgages
Covered bonds outstanding	EUR 32.703bn
Cover pool volume	EUR 45.204bn
Current OC (nominal / legal)	10.3% / 5.0%
Type	100% Residential
Main country	100% France
Main region	16.0% Ile-de-France
Number of mortgage loans	620,337
Share of 10 largest exposures	0.01%
Average loan sized	EUR 72,870
LTV (unindexed / indexed)	69.8% / 59.9%
Fixed interest (Cover Pool / CBs)	99.5% / 99.8%
WAL (Cover Pool / CBs)	7.3y / 6.7y
CB Rating (Fitch / Moody's / S&P)	- / Aaa / AAA

Source: Issuer, rating agencies, Bloomberg, NORD/LB Markets Strategy & Floor Research

### Spread overview (BMK >1y) – France



### Bonds covered by residential assets from France

The cover pool is composed entirely of residential assets, which are also located exclusively in France. With 620,337 loans denominated in EUR 72,870 on average and a share of the ten largest exposures in the cover pool of 0.01%, the cover pool can be described as highly granular. 79.1% of the loans were used to finance owner-occupied residential property, while 18.1% can be assigned to the category "buy-to-let/non-owner occupied". Geographically, Ile-de-France (16.0%) and the Auvergne-Rhône-Alpes region (14.4%) dominate. In addition, the two regions bordering the Mediterranean Sea, Provence-Alpes-Côte d'Azur and Occitanie, account for a further 12.4% and 10.5% respectively. With regard to the share of fixed rates, a high share can be noted both on the side of the issued securities and the cover assets. Non-performing loans are not included in the cover assets.

### Rating and regulatory treatment

The covered bonds issued by BPCE are rated Aaa/AAA by Moody's and S&P. From a regulatory perspective, the issued bonds benefit from a preferred risk weight of 10% in accordance with the CRR, irrespective of the issue volume. In the context of LCR management, benchmark deals can also be used as Level 1 assets in our view. In addition, the covered bonds are eligible for purchase under the two purchase programmes CBPP3 and PEPP and can also be pledged as collateral under repo transactions with the Eurosystem.

# Appendix

## Contacts at NORD/LB

### Markets Strategy & Floor Research



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Covered Bonds

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Länder/Regionen	+49 511 9818-9550
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