

Groupe BPCE

Issuer View • 4. November 2024

Authors: Alexander Grenner // Lukas Kühne // Dr. Frederik Kunze

Ratings

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

Homepage

www.groupebpce.com

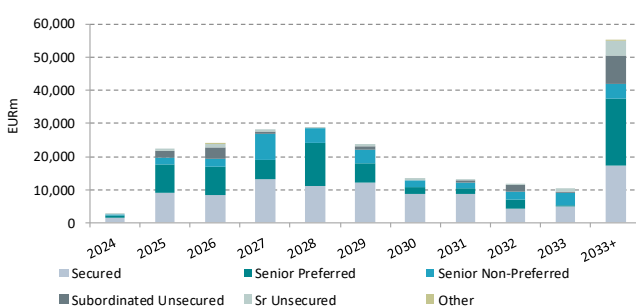
*Senior Unsecured/LT Bank Deposits

Groupe BPCE claims to be the second largest banking group in France and is categorised as a global systemically important institution. Operationally, the focus is on the retail and insurance business. The distribution network consists of Banques Populaires, Caisse d'Epargne, Banque Palatine and Oney Bank (online bank). With Natixis, it is also globally active in corporate and investment banking as well as asset and wealth management. The Group serves around 35 million customers in 50 countries. The domestic market share for customer deposits and housing loans was 21.9% and 22.2% respectively at the end of 2023. The shares in BPCE SA, which is also the central bank within the French Groupe BPCE, are held 50% each by the 15 Caisses d'Epargne and the 14 Banques Populaires. BPCE SA is also responsible for the Group's strategy, management and capitalisation. The Group also has a solidarity mechanism that provides banks with capital in the event of an emergency. In June 2024, BPCE published its "Vision 30" strategic plan in response to current transformation processes (environment, demographics, technology, protectionism). The plan provides for an expansion of global market shares, an increased focus on SMEs, strategic sectors and infrastructure as well as the creation of a separate house building and property division. As an issuer of sustainable bonds, BPCE is regularly active on the capital market. In the first half of 2024, the bank issued green and Social Bonds with a volume of EUR 2.0bn on the market.

Balance Sheet

(EURm)	2022Y	2023Y	2024H1
Net Loans to Customers	898,733	927,227	928,165
Total Securities	198,750	207,687	216,816
Total Deposits	694,012	711,714	715,174
Tier 1 Common Capital	69,665	71,246	71,453
Total Assets	1,503,668	1,544,139	1,552,828
Total Risk-weighted Assets	460,858	457,606	458,329

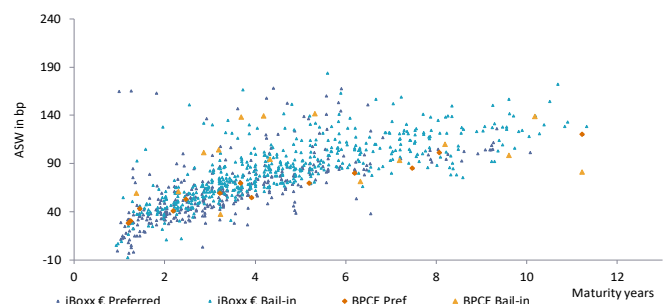
Redemption Profile



Income Statement

(EURm)	2022Y	2023Y	2024H1
Net Interest Income	9,672	7,289	3,482
Net Fee & Commission Inc.	10,164	10,317	5,330
Net Trading Income	2,882	2,712	1,673
Operating Expense	16,638	16,328	8,159
Credit Commit. Impairment	1,917	1,571	921
Pre-tax Profit	5,473	4,182	2,358

Senior Unsecured Bonds (EUR BMK)



Company Ratios

	2022Y	2023Y	2024H1	2022Y	2023Y	2024H1	
Net Interest Margin	0.71	0.53	0.50	Liquidity Coverage Ratio	139.00	143.00	149.00
ROAE	4.71	3.39	4.00	IFRS Tier 1 Leverage Ratio	4.86	4.79	4.77
Cost-to-Income	68.92	73.36	71.17	NPL/Loans at Amortised Cost	2.45	2.59	2.76
Core Tier 1 Ratio	15.12	15.57	15.59	Reserves/Loans at Amort. Cost	1.69	1.67	1.70

As of 04.11.2024; Source: Bloomberg, S&P Global Market Intelligence, NORD/LB Floor Research

Strengths / Opportunities

- Risk profile
- Capitalisation
- Market position in France

Risks / Weaknesses

- Asset quality vulnerable to economic downturn
- Cyclical business areas (Natixis)
- Margin pressure in retail business

Covered Bonds

Authors: Alexander Grenner // Lukas Kühne // Dr. Frederik Kunze

Outstanding covered bond volume of BPCE SFH totalling around EUR 48.7bn.

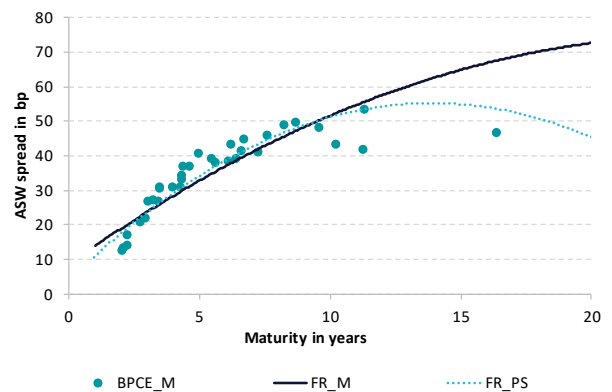
As at the reporting date of 30 September 2024, the cover pool of BPCE SFH had cover assets with a volume of EUR 71.3bn. This is offset by covered bonds issued in the amount of EUR 48.7bn, resulting in an arithmetical overcollateralisation ratio of 46.3%. In the current composition of the iBoxx EUR Covered (November 2024), the bank is represented with 34 outstanding covered bonds totalling EUR 41.8bn. BPCE SFH has already been active on the market three times in 2024 and was able to issue a total of EUR 6.3 bn in the form of two dual tranches (January and February) and a covered bond in green format (May).

Programme data

30 September 2024	Mortgage
Covered bonds outstanding	EUR 48.733bn
Cover pool volume	EUR 71.294bn
Current OC (nominal / legal)	46.3% / 5.0%
Type	100% Residential
Main country	100% France
Main region	16.9% Ile-de-France
Number of loans	840,389
Share top 10 exposures	0.01%
NPL	0.00%
Fixed interest (Cover Pool / CBs)	99.8% / 99.9%
WAL (Cover Pool / CBs)	7.8y / 5.5y
CB Rating (Fitch / Moody's / S&P)	- / Aaa / AAA

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

Spread overview (BMK) – France



Cover pool with exclusively residential assets

The cover pool consists exclusively of primary cover pool assets. The 840,389 loans in the cover pool are 100% of a residential nature and geographically located in France. The average loan volume as at 30 September 2024 was around EUR 85,000, and the share of the ten largest exposures in the cover pool was 0.01%. Loans with an amount of more than EUR 600,000 and non-performing loans are not included in the cover pool. 81.0% of the loans were used to finance owner-occupied residential property, while 16.3% are allocated to the "buy-to-let" category. Geographically, the Ile-de-France (16.9%) and Auvergne-Rhone-Alpes (14.6%) regions dominate. The Provence-Alpes-Cote d'Azur and Occitanie regions account for a further 11% and 10.9% respectively. While the average LTV for the non-indexed case is stated at 69.6%, the indexed LTV, which includes price changes on the property market, was 59.0%. With regard to the weighting of fixed interest rates, a very high proportion of 99.9% and 99.8% can be seen for both the securities issued and the cover assets.

Rating and regulatory treatment

The mortgage-backed covered bonds of BPCE SFH each have the highest rating from the rating agencies Standard & Poor's (AAA) and Moody's (Aaa). On this basis, a preferred risk weight of 10% is applicable for the issuer's covered bonds in accordance with the CRR. In addition, we believe that BPCE SFH benchmark transactions are suitable as Level 1 assets for LCR management purposes. The issuer's covered bonds are also suitable as collateral in transactions with the ECB. BPCE SFH's covered bond issues can be marketed under the "European Covered Bond (Premium)" label.

Appendix

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Floor Research



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