

**BRED POSTS STRONG GROWTH IN NET INCOME IN 2019, UP 11% TO €307M,
FOR A 5% INCREASE IN NBI, TO €1.252BN - NBI FOR COMMERCIAL BANKING
FRANCE UP 5%**

**NET BANKING INCOME INCREASES
BY 5.1% TO €1.252BN**

**COMMERCIAL BANKING FRANCE NBI
RISES BY 5%, CONTRIBUTING 74% TO OVERALL NBI GROWTH**

**EXCELLENT COST/INCOME RATIO
STABLE AT 60.2%**

**STRONG INCREASE IN NET INCOME
UP 11% TO €307M**

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**CET1 CAPITAL ADEQUACY RATIO CONTINUES TO IMPROVE
AT 16.2%**

**EQUITY CAPITAL INCREASES
11% TO €4.9BN**

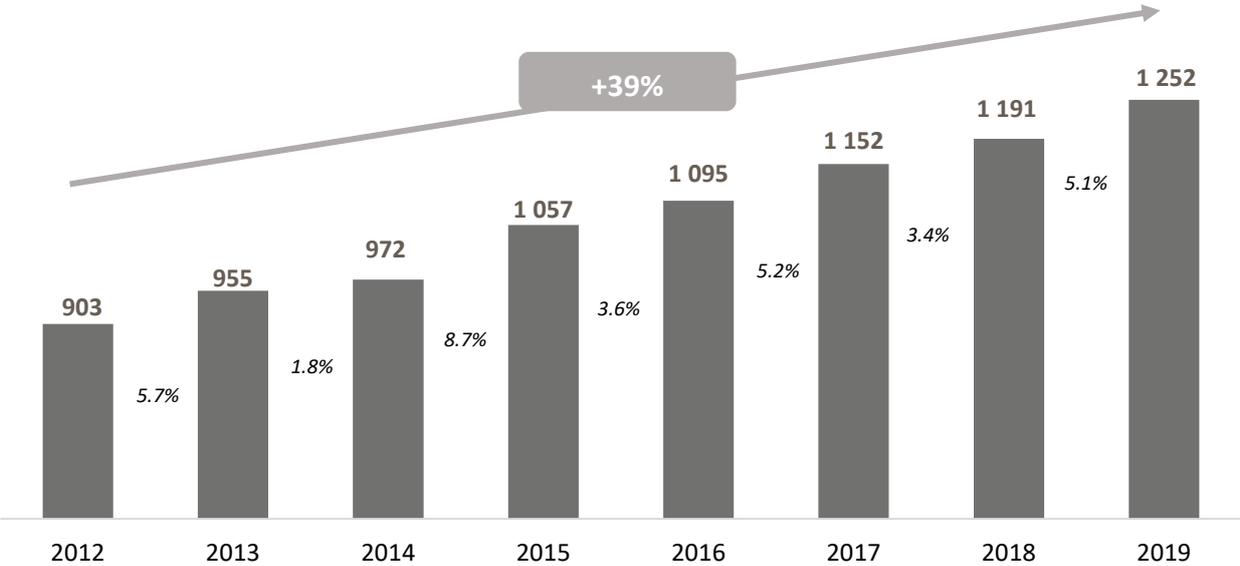
NBI increased for the seventh consecutive year in a difficult environment for commercial banking

BRED’s consolidated net banking income has increased for the seventh consecutive year, rising 5.1%* to €1.252bn.

The figure confirms the relevance of the banking without distance strategy implemented in 2012 and the determination to harness digital technology to enhance human relations by providing added-value advice.

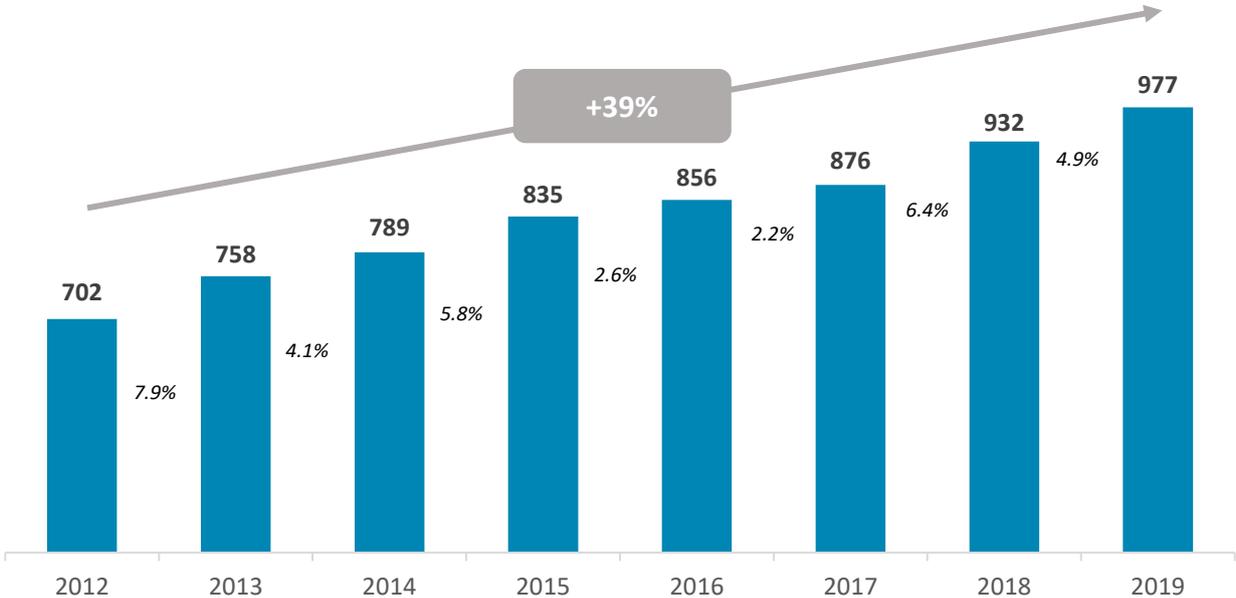
Increase in consolidated accounting NBI

(in millions of euros)



Increase in consolidated accounting NBI for Commercial Banking

France (in millions of euros)

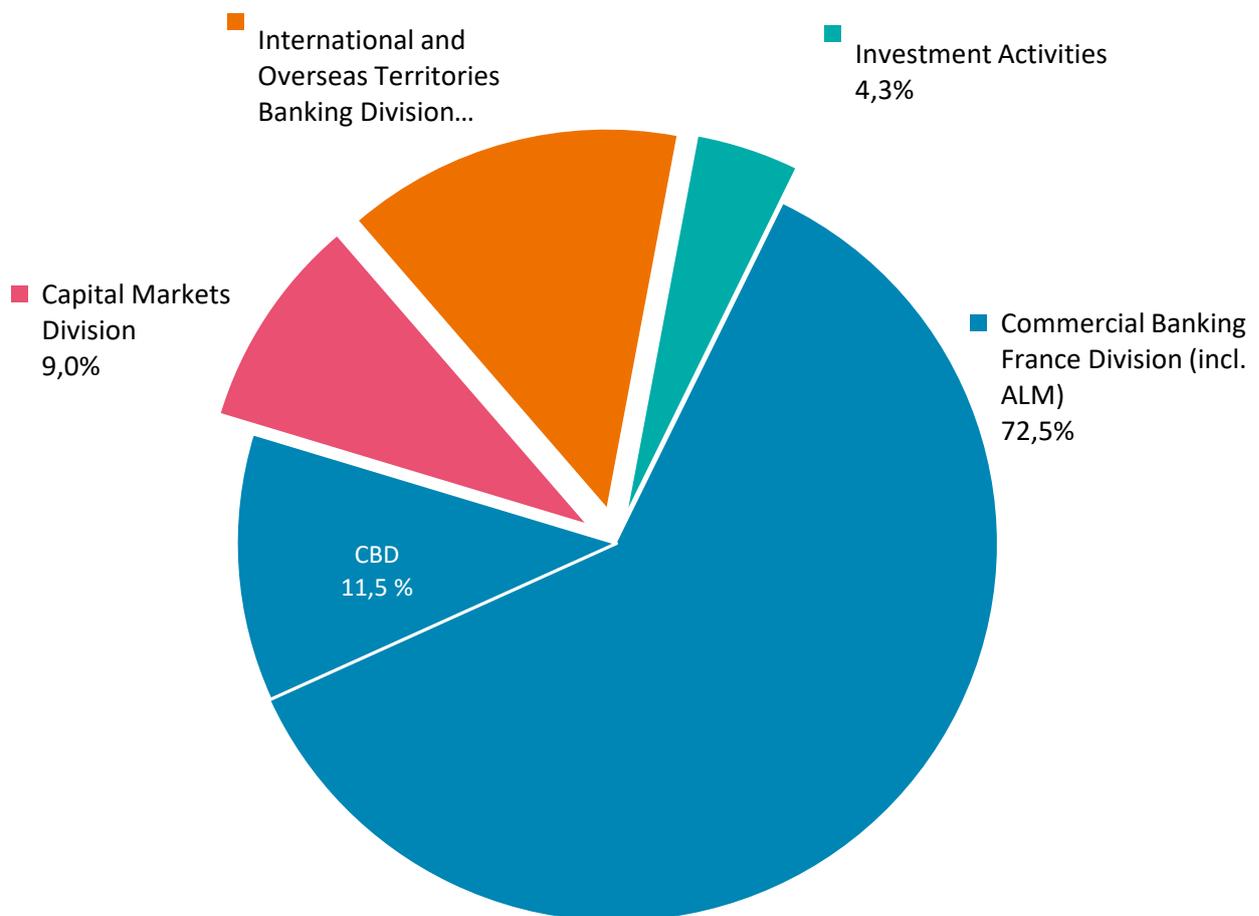


*Non-recurring items were of little significance in 2019.

- In 2019, in a persistent low-interest-rate environment, **Commercial Banking France** posted very good results, with **NBI up 5%**. This growth can be attributed to the sharp rise in the interest margin (+6.7%) stemming from an increase in outstandings and to growth in the overall business and retail banking net fees, which increased 2.6%, while applying measures to protect vulnerable customers. The BRED network posted robust commercial performances with over 73,500 new business relationships, a 14% increase in outstanding loans and a 14% rise in deposits compared with 2018.
- The **International and Overseas Territories Banking** division posted a **16% increase in NBI**. It benefited from strong growth in Cambodia and excellent performances in international trade financing in Geneva.
- The **Capital Markets business achieved NBI growth of 15%**, reflecting the continued strengthening of BRED's position as a supplier of liquidity and investment solutions to large institutional clients.
- The Investment Activities business contracted 19% following an exceptional year in 2018 for the private equity portfolio.

Breakdown of NBI by division

(excluding non-recurring items)



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.

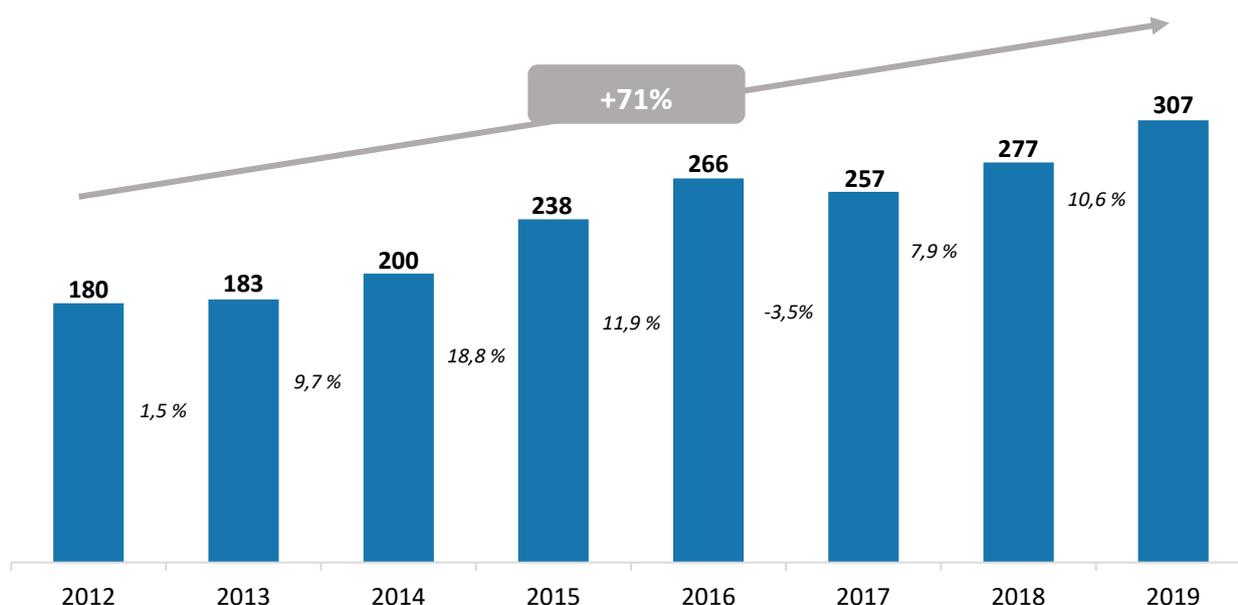
Contribution of each division to the variation in NBI

<i>Figures in €m</i>	Amount of variation 2018-2019	Contribution to total variation
Commercial Banking France	+45.4	74%
International and Overseas Territories Banking	+13.5	22%
Capital Markets Division	+15.3	25%
Investment Activities	ns	-21%

Expenses serving the growth strategy

- “Addressable” **operating expenses** (on a like-for-like basis, excluding the contribution to the Single Resolution Fund, the BPCE contribution, provisions for profit-sharing and incentives, and conversion costs) rose 3.6%, reflecting decisions in favour of investments in technology, the modernisation of the network, advisor training and international development.
- **The cost-to-income ratio (all expenses included) stabilised at 60.2%.** It has decreased steadily between 2012 and 2019, from 67.2% to 60.2%.
- The cost of risk came out at €80m, down 27% owing to the near absence of provisioning on performing loans.

BRED Group posted its highest net income ever in 2019, up 11%



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

Book value of capital amounts totalled €4.9bn, up 11% year-on-year thanks to an excellent net income figure and to a capital increase of €180m to cooperative members. The **CET1** capital adequacy ratio stands at a solid **16.2%** and the overall ratio at **16.35%**.

The **LCR** liquidity ratio amounted to **152%** on 31 December 2019, for a regulatory minimum requirement of 100%.

BRED consolidated income statement

<i>In €m</i>	2018	2019	Variation
NET BANKING INCOME	1,191.2	1,252.0	+5.1%
ADDRESSABLE OPERATING EXPENSES	-596.0	-617.7	+3.6%
Non-addressable expenses and conversion costs	-121.3	-135.7	+11.9%
TOTAL EXPENSES	-717.3	-753.4	+5.0%
GROSS OPERATING PROFIT	473.9	498.6	+5.2%
COST OF RISK	-109.1	-79.9	-26.7%
OPERATING PROFIT	364.8	418.6	+14.7%
Share of companies accounted for under the equity method	24.0	25.3	+5.2%
Gains or losses on other assets and change in value of goodwill	-0.6	3.8	N/A
PRE-TAX PROFIT ON ORDINARY ACTIVITIES	388.3	447.7	+15.3%
Income taxes	-111.7	-139.7	+25.1%
NET INCOME	276.6	307.9	+11.3%
Minority interests	0.9	-1.2	N/A
NET INCOME GROUP SHARE	277.4	306.8	+10.6%

About BRED

BRED is a cooperative people's bank, supported by its 200,000 members, €4.9bn in equity and 6,000 employees, 25% of whom work outside mainland France and the French Overseas Departments. It operates in the Greater Paris region, Normandy and Seine-et-Marne/Aisne, and in the French Overseas Departments, as well as in South East Asia, the South Pacific, the Horn of Africa and Switzerland via its commercial banking subsidiaries.

As a community bank with strong ties in local areas, it has a network of 400 business sites in France. It maintains a long-term relationship with more than one million customers.

As part of the BPCE Group, BRED Banque Populaire operates in various 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 2019, BRED reported consolidated NBI of €1.25bn, up 5%, and net income of €307m, up 5.1%.

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