

Press Release

Interim 2009 results confirming the dynamics of Banque Palatine's success

Paris, 26 October 2009

Banque Palatine, the business banking and wealth management subsidiary of the BPCE Group, has published its results for the first half of 2009 showing another strong commercial and operating performance.

Daniel Karyotis, Chairman of Banque Palatine's Management Board, confirmed that *"Amid challenging conditions, Banque Palatine has continued to make forward strides thanks to its operational organisation and its aggressive business model. The confidence shown by our 489 new business clients and 1,717 new personal customers over the first nine months is the most striking evidence of this"*.

Results for the six months to 30 June 2009^(*)

<i>(In millions of euros)</i>	H1 2008	H1 2009	% change
Net banking income	114.5	134.2	+17.2%
Cost/income ratio	73.7%	64.1%	-13%
Loan loss provisions	-5.6	-24.3	+€18.7m
Gross operating income	32	48	+50%

**Individual income statements in the parent company financial statements*

Even though conditions were affected by the economic slowdown, Banque Palatine has reiterated the earnings forecasts it announced in June. The turnaround has been spectacular, with the cost/income ratio now at 64%, down 10 points compared with at 30 June 2008, and a ratio of 66% is anticipated over the full year. This tight cost control led to an increase of €18 million in gross operating income to €48 million at the mid-way point of the year (N.B. 2008 gross operating income stood at €32 million).

Three key ratios clearly reflect the improvement in the bank's profitability and solidity over the period:

- the Tier One capital ratio: 9.19% (compared with the French banking commission's minimum of 8%),
- the liquidity ratio: 134% (compared with a regulatory minimum of 100%),
- and the cost/income ratio of 64%.

Amid the very depressed conditions that prevailed during this period, Banque Palatine's loan loss provisions came to €24 million (vs. €6 million in 2008). The bank anticipates an identical figure for the second half.

Promising commercial performance in the personal banking market

An average of 12 new accounts were opened each day in the first half of the year. 1,717 accounts were opened by 30 September 2009, representing an increase of 7% compared with year-end 2008. Customer deposits in this segment advanced by 15% from €3.4 billion at 30 June 2008 to €3.9 billion at the same point of 2009.

In business banking, Banque Palatine has positioned itself as a leading player that has demonstrated its ability to support businesses and finance the economy. After a record year in 2008, Banque Palatine continues to display positive momentum, which is accelerating, since it opened an average of 3 new accounts per day. Banque Palatine's gains in its core segment (businesses with sales of over €15 million) increased by 39%, i.e. a total of 189 accounts opened in this segment, compared with 136 over the same period of the previous year. Of the 719 businesses listed on the Paris Stock Exchange (Eurolist), Banque Palatine counts 163 of them as clients (23%), and one in three SBF 250 companies is in contact with the bank, i.e. 83 client companies.

In spite of the downturn in the economy, which depressed demand for short-term treasury loans and WCR financing, loan production held up at a good level. The bank continues to provide strong support for capital spending by businesses. Equipment loans increased by 24% during the first half compared with the same period of the previous year. As a result, Banque Palatine granted a total of €530 million in medium- to long-term loans to businesses over the first nine months. International business expanded, too. The volume of documentary credits grew by 5% over the period.

An active corporate finance division

In spite of economic conditions, Banque Palatine's corporate finance division continued to enjoy brisk trends, culminating in the completion of over 20 transactions since the beginning of the year. These transactions reflect the bank's strategic determination to support shareholder-managers and their businesses over the long term.

For listed companies, Banque Palatine conducted and raised finance for a simplified tender offer for Huis-Clos amounting to around €40 million, plus investments of €30 million in the Bonduelle OBSAR (bonds with equity warrants attached) issue and €7 million in the Gifi OBSAR issue. In the LBO segment, the bank is notably involved in the deals and/or investments concerning Groupe 3S (€12 million), Compin (€6 million), Léon de Bruxelles (€5 million), Oberthur (€15 million) and Homeperf (€5 million). It is also worth highlighting the major portfolio financing transactions arranged for the shareholder-managers of l'Occitane (€50 million) and Stef-Tfe (€25 million).

Lastly, Banque Palatine has continued to record growth in syndicated loans by participating in ten or so transactions involving names such as Seb, Lafarge, Saft and Lactalis.

In all, close to €300 million in loans will be released in 2009, thereby confirming Banque Palatine's solid roots in the attractive mid-cap segment.

About Banque Palatine

Banque Palatine, a subsidiary of the BPCE Group, is a business banking and wealth management specialist. It aims to help entrepreneurs attain their goals, from both a personal and a professional perspective. Banque Palatine also uses its expertise to serve medium-sized and large businesses. It particularly stands out with its high value-added offerings. It also provides services and advice to its wealth management client base of business managers, self-employed professionals, senior executives, non-residents and pensioners. It manages over €11 billion in assets on behalf of 7,300 business clients and 125,000 personal customers and is supported by a network of 51 branches in France.

www.palatine.fr