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The Savings Banks Organisation in France

The first French savings bank was founded in Paris on 22 May 1818. As early as the 19th century, the promotion of the regional common good, including the areas of social welfare and health promotion, was an important part of the savings banks' remit (comparable to the public mission of the German savings banks).

Since 1950, savings banks have also been allowed to grant loans to municipalities. Since 1 January 2000, the savings banks have been cooperative credit institutions under private law. The cooperative shares were sold to local savings companies, which are now the owners of the savings banks. This creates a regional bond. The state's income from the sale of the savings bank shares, amounting to approx. 2.4 billion euros, was used to support the pension fund.

A special feature in France is the combination of the 15 savings banks (Caisse d'Epargne) with the 14 Volksbanken (Banques Populaires) to form one group - the Banques Populaires Caisse d'Epargne (BPCE). This is one of the four largest French banks.

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The French banking market

In macroeconomic terms, the importance of the banking sector in France is of above-average compared with other European countries. In 2024, the balance sheet total of all banks was approximately 3.3 times the country's total economic output. By comparison, the European average was 2.04 times the GDP. The bank branch network in France is well above average, with 2,073 inhabitants per branch. In comparison, the European average is 4,216 inhabitants per branch (see charts 1 and 2).

In 2024, the volume of loans at risk of default was 1.8%, slightly above the average of other European countries (1.6%). The costincome ratio of French banks remained above the level of other European countries in 2024 at 67.6%, although it improved by more than four per cent compared to 2023. Profitability, measured by the return on equity, remained below the EU average in 2024, but the systemic resilience remains high. (see charts 3 and 4).

In 1984, the French banking and financial sector was deregulated by the Banking Act. Since then, a number of mergers have led to the emergence of large banks. In terms of total assets, three French banks are now among the twenty largest banks in the world (BNP Paribas, Crédit Agricole and Sociéte Générale - see Table 1).

According to the latest IMF Article IV staff report, the French economy has remained robust despite ongoing uncertainties. The IMF emphasises the need for reforms and budget consolidation in light of the increasing public debt. The goal of reducing the deficit to below 3% of GDP by 2029 is viewed positively. The French banking sector remains stable, supported by solid buffers and cautious lending.

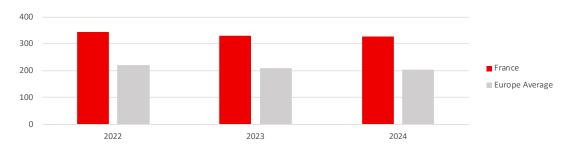
The state-subsidised savings accounts (e.g. Livret A) are a special feature of the French banking market. The fixed interest rates for these savings deposits were reduced to 2.4% from 1 February 2025 (previously 3% between 1 February 2023 and 31 January 2025). These are exempt from tax and social security contributions, and the fixed interest rates are regularly above the market level. However, the investment volume per savings account is limited (currently 22,950 euros) and is used to finance social housing construction.

Table 1: The largest French banks by balance sheet total

Group	2024	2023	2022	2021	2020
BNP Paribas	2,705	2,591	2,666	2,634	2,488
Crédit Agricole group	2,602	2,467	2,351	2,324	2,218
Société Générale	1,574	1,554	1,485	1,464	1,462
Groupe BPCE	1,585	1,544	1,504	1,516	1,446

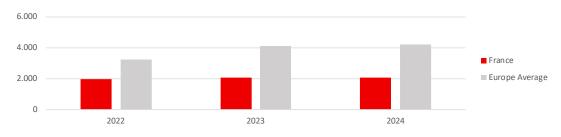
Source: Financial Report 2024of the respective group, in EUR billion

Chart 1: Balance sheet total of banks as a percentage of GDP



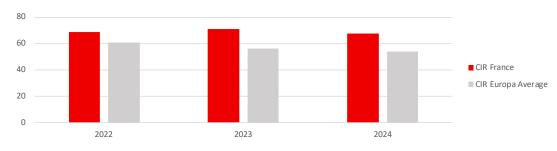
Source: European Central Bank 2024, own calculations

Chart 2: Inhabitants per branch office



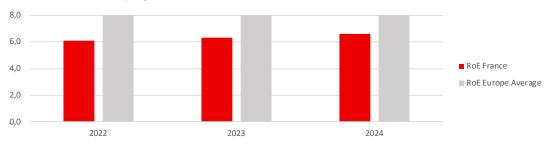
Source: European Central Bank, Eurostat 2024, own calculations

Chart 3: Cost-income ratio (CIR) in %



Source: EBA Dashboard, 2024

Chart 4: Return on equity (RoE) in %



Source: EBA Dashboard, 2024

The French savings banks - Caisse d'Epargne

The first French savings bank was founded in Paris on 22 May 1818. The savings banks, which were established from private initiative, were intended to make savings accessible to broad sections of the population. The savings deposits were transferred to the State Deposit Bank (Caisse des Dépôts), which used them for public financing and paid the savings banks a fee in return. As early as the 19th century, the promotion of regional common good, including in the areas of social welfare and health promotion, was an important part of the savings banks' remit (comparable to the public mission of the German Savings Banks). Since 1950, savings banks have also been allowed to grant loans to municipalities.

In 2006, the cooperation between the French savings banks (Caisse d'Epargne) and the Volksbanken (Banques Populaires) started with the foundation of a joint subsidiary - Natixis. Numerous mergers in 2007 and 2008 reduced the number of French savings banks to 15 institutions. In 2009, the French savings banks and Volksbanken merged to form Groupe BPCE. The primary level of the 15 Caisses d'Epargne and 14 Banques Populaires will continue under the existing brands.

In August 2013, Groupe BPCE carried out an internal restructuring and equalisation of its financial links. Until then, Natixis held 20% of the shares in each of the savings banks and Volksbanken through non-voting "Certificats d'investissement coopératifs" (CICs). Through a successful buy-back of the CICs, the local savings companies became 100% owners of the savings banks again.

As of 1 May 2017, the savings banks Caisse d'Epargne Nord France Europe and Caisse d'Epargne Picardie merged to form the savings bank Caisse d'Epargne Hauts de France. On 5 December 2017, Banque Populaire Atlantique and Banque Populaire de l'Ouest merged to form Banque Populaire Grand Ouest. In 2018, Caisse d'Epargne Grand Est Europe was created and the merger between Caisse d'Epargne d'Alsace and Caisse d'Epargne Lorraine Champagne-Ardenne was implemented. In July 2024, Caisse d'Épargne Hauts-de-France announced the signing of a memorandum with Dajia Insurance Group to acquire 100% of the share capital of Bank Nagelmackers¹, Belgium's oldest bank.

 $^{^{1}}$ Founded in 1747, Bank Nagelmackers operates in the Belgian market for private customers and private banking and serves around 110,000 predominantly private customers.



Table 2: Structural characteristics of the French savings banks

Legal form

Since 1 January 2000, cooperative credit institutions under private law according to the law of 25 June 1999 (previously: foundation-like legal form under private law). The cooperative shares were sold (for information on purchases see shareholders) the and the income (approx. 2.4 billion euros) was used by the state to support the pension fund.

Shareholder

100% local savings companies (Sociétés Locales d'Epargne), whose shareholders are in turn customers, employees and regional authorities. Cooperative principle: one memberone vote. The savings banks group currently has approx. 4.4 million cooperative shareholders in 185 local savings companies. The maximum share of a local authority in a savings company is 20%. The supervisory board of a Caisse d'Epargne is elected from among the coopera-tive shareholders at the annual general meet-ing. Local savings companies are not allowed to conduct their own banking business.

Business activity

With the implementation of the General Banking Act of 1984, savings banks became true universal banks and thus placed on the qual footing to other French banks in terms of their business activities. Today, French savings banks play an important role in the financing of private customers, small and medium-sized commercial customers and social housing construction.

Regional principle

Yes (savings banks); anchored in the article of association

Public welfare orientation

Since the beginning of 2009 (Livret A approved for distribution by all banks), no more legally anchored public interest orientation. Since then, the savings banks have committed themselves to allocating 1% of their interest and commission income before risk costs to public welfare tasks.

In 2024, the French savings banks donated a total of €20.8m (previous year: €20.5m) to a total of 1,290 (previous year: 1,314) social, cultural or charitable projects at local level.

Additionaly, according to Article L.512-85 of the French Monetary and Financial Code, savings banks are to finance law, savings banks are required to promote social housing and regional economic development, and to provide access to financial services for all.

Leadership

The savings banks are managed by a board of directors (directoire) with 2 to 5 members proposed by the supervisory board (COS - conseil de surveillance) and whose appointment is subject to the approval of BPCE, the savings banks' central institution. Of the 19 members of the supervisory board, a minimum of 11 and a maximum of 15 are elected by the general meeting of shareholders, 1 to 3 by the local authorities and the same number by the employees.

Table 3: Structural indicators of French savings banks

	2024
Customers	16.6 M
Cooperative shareholders	4.4 M
Employees	32,705
Net banking income*	2.7
Depostits and savings*	533.2
Customer loans*	376.3

Source: Groupe BPCE Financial Report, 2024,*in EUR billion

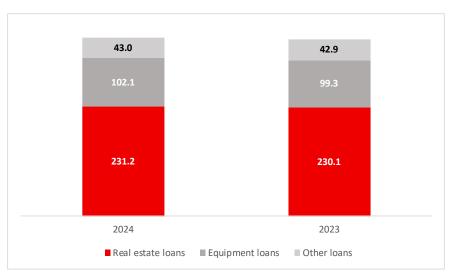


Table 4: Business figures of French savings banks

	2024
Net banking income	6.1
Operating Expenses	4.2
Gross operating income	1.8
Cost-Income-Ratio (in%)	68.7
Cost of risk	0.64
Income before tax	1.2

Source: Groupe BPCE Financial Report, 2024, in EUR billion

Chart 5: Outstanding loans of the French savings banks



Source: Financial Report Groupe BPCE 2024, in EUR billion



Table 5: 15 largest French savings banks

Savings Banks / Caisse d'Epargne
CEP Ile-de-France
CEP Hauts de France
CEP Grand Est Europe
CEP Rhône Alpes
CEPAC Caisse d'Epargne
CEP Aquitaine Poitou-Charentes
CEP Bretagne Pays de Loire
CEP Bourgogne Franche-Comté
CEP Normandie
CEP Midi-Pyrénées
CEP Loire-Centre
CEP Languedoc-Roussillon
CEP Côte d'Azur
CEP d'Auvergne et du Limousin
CEP Loire Drôme Ardèche

Source: BPCE Financial Report, 2024; derived from Sparkasse's shares in BPCE.

The French savings banks are fully consolidated in the central institution Groupe BPCE and do not publish their own balance sheet information.

The central institution: Banques Populaires Caisse d'Epargne (BPCE)

(6) GROUPE BPCE

BPCE, the joint central institution of the French savings banks and Volksbanks, was created at the beginning of August 2009 from the merger of Groupe Caisses d'Epargne and Groupe Banques. merger of the Groupe Caisses d'Epargne and the Groupe Banques Populaires. In addition to BPCE, the BPCE Group (Groupe BPCE) comprises a further 26 financial institutions.

In April 2019, all Crédit Foncier businesses were integrated into BPCE. In October 2019, BPCE bought 50.1% of the shares in Oney Bank, a leading provider of consumer loans. In July 2021, BPCE delisted Natixis after Groupe BPCE acquired the shares of Natixis' minority shareholders in order to simplify the group's structure. Natixis' investment banking and asset management activities are to form a separate division within BPCE in the future.

Table 6: Structural information on Groupe BPCE

Members	15 savings banks	(Caisse d'Epargne),
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14 popular banks (Banque Populaires), Natixis, Banque Palatine, Oney and 23 other

Financial institutions

Legal form AG with supervisory board and executive board

Owner 50% Caisses d'Epargne

Tasks

50% Banques Populaires

Purpose Central body and apex institution

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- Representation of the interests of the savings banks and Volksbanks vis-à-vis national authorities, the National Bank and the banking supervisory authorities
- Conclusion of national and international agreements
- Appointment of the management board of thesavings banks
- Definition of the product and service range, the distribution and coordination of business policyfor the savings banks
- Definition of uniform management standards and procedures
- Central giro function and administration of the Deposit Protection Fund and the joint liability scheme
- Holding company for the retail banks of the Group

Table 7: Structural information on Groupe BPCE

	2024
Customers	35 M
Employees	>100,000
Market share in corporate loans	>20%
Cooperative shareholders	9.8 M
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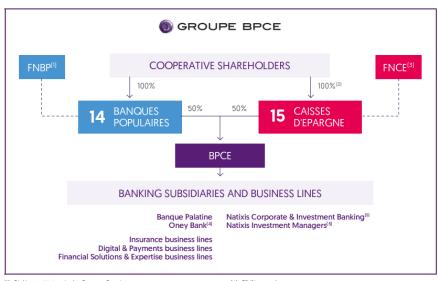
Source: Financial Report Groupe BPCE, 2024

Table 8: Balance sheet and income statement information on **Groupe BPCE (consolidated)**

	2024
Balance sheet total	1,585
Amounts due to customers	723
Loans and receivables from customers	855
Net banking income	23.3
Net Income	3.6
Equity	87

Source: Groupe BPCE Financial Report, 2024, in EUR billion

Chart 6: The ownership structure of Groupe BPCE



Fédération Nationale des Banques Populaires
 Indirectly through local savings companies [LSCs]
 Fédération Nationale des Caisses d'Epargne

[4] 50.1% owned [5] Indirectly through Natixis SA

Source: Financial Report Groupe BPCE, 2024

As part of its digital innovation strategy, Groupe BPCE has introduced a number of advanced payment solutions in recent years. Of particular note is the official launch of Wero² in October 2024, which represents a significant step towards supporting the European Payments Initiative (EPI) and strengthening European payment sovereignty.

In 2024, Groupe BPCE announced the signing of a memorandum of understanding with Société Générale with the aim of acquiring the activities of Société Générale Equipment Finance (SGEF), a strategic step to strengthen its sales and investment financing business.

BPCE and BNP Paribas also entered into a strategic partnership to create the leading payment service provider in France, which is also one of the top 3 in Europe.

² Wero is a European peer-to-peer payment solution that enables private individuals to transfer money in real time within SEPA countries directly from bank account to bank account without the use of external apps.



The umbrella organisation: Fédération Nationale des Caisses d'Epargne (FNCE) €

The FNCE is the umbrella organisation representing the French savings banks and their cooperative shareholders. It is a member of the World Savings and Retail Banking Institute (WSBI) and European Savings and Retail Banking Group (ESBG).

Table 9: Structural features of the FNCE

Legal Joilli Registered association	Legal form	Registered association
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Members All of the savings banks (currently 15), which are

represented by the Chairman of the supervisory board, a member of the supervisory board and the

Chairman of the management board.

Tasks• Joint representation of the savings banks' interests, in particular vis-à-vis the public sec-

tor

 Maintaining relations with the shareholders of the savings banks

- Development of strategic guidelines for the group
- Promotion of activities within the scope of the savings banks' social responsibility
- Further training for managers and shareholders
- Promotion of cooperation between French savings banks and comparable foreign institutions

Imprint

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