# 2008 Year End Results

# Disclaimer

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The accounting principles and methods used to prepare the consolidated accounts for the fiscal year ended December 31, 2008 were identical to those used to prepare the consolidated accounts for the fiscal year ended December 31, 2007 and which were established in accordance with IFRS as adopted in the European Union. The amendment to IAS39 and IFRS7 concerning the "Reclassification of Financial Assets" adopted by the European Union on October 15, 2008, has been applicable since July 1, 2008. This amendment permits the following reclassifications subject to conditions:

- the possibility of reclassifying non-derivative financial assets out of the "Instruments at fair value through profit and loss –Trading" category,
- the possibility of reclassifying financial assets belonging to the "Available-for-sale assets" category under the "Loans and Receivables" category.

To establish consolidated accounting data for the year ended December 31, 2008, Natixis made use of the reclassification opportunities offered by the amendment (see appendices p.72 and 73).

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# 2008 Highlights (1/2)

**Business**

**Solid business performance in a financial crisis context:**

- Increasing client business for CIB
- Good resilience of the asset management division
- Increased cross-selling between Services and the shareholders networks

**Results**

**2008 results hard-hit by the crisis:**

- Very strong market decline post-Lehman
- Sharp rise in cost of risk
- New writedowns in Q4-08

**Underlying net income approximately €1 billion, excluding segregated assets**

**CIB earnings have picked up in January 2009 (including segregated assets)**

**Crisis adaptation measures**

**Drastic adaptation measures:**

- CIB full transformation and management renewal
- Cost-cutting plan extended
- Close management of capital: disposal of non-strategic assets (CACEIS) and risk-weighted asset reduction, on a constant methodology basis

# 2008 Highlights (2/2)

**Capital structure**

**Capital structure maintained**

- Tier one ratio [1]: 8.2%
- Tier one ratio [1]: higher than 9% (proforma of the second tranche of SPPE and of the ongoing divestment projects)
- Corporate deleveraging policy pursued (funded positions)

**Shareholders**

**Merger underway between Groupe Banque Populaire and Groupe Caisse d'Epargne central bodies**

⇨ **Creation of the 2nd largest French banking group**

[1] at 31/12/2008

# Consolidated income statement

- **NBI: €2.934bn**
- **Operating expenses[(1)]:**
  - -10% [(2)] vs. 2007 due to the decrease of payroll fees
- **Underlying net income: -€2.622bn**

**Excluding GAPC[(3)],**

- **NBI: €6.386bn**
- **Underlying net income: +€987m**

**Main impacts of financial crisis in Q4-08**

- **Credit market dislocation:**
  **NBI: -€356m / Cost of risk: -€122m**
- **Counterparty defaults:**
  **Cost of risk: -€789m**
- **Equity and interest-rate complex derivatives (volatility and correlations):**
  **NBI: -€1,017m**

*see details in appendices p 56 to 59*

| *€m* | 2007 | 2008 | 2008 Excl. GAPC | Q4-07 | Q4-08 | Q4-08 Excl. GAPC |
|---|---|---|---|---|---|---|
| **NBI** | **6,043** | **2,934** | **6,386** | **402** | **228** | **1,563** |
| *of which Workout Portfolio Management (GAPC)* | *-864* | *-3,452* | - | N.A. | *-1,335* | - |
| Expenses | -5,141 | -4,687 | -4,513 | -1,382 | -1,094 | -1,050 |
| **Gross operating income** | **902** | **-1,754** | **1,873** | **-979** | **-866** | **512** |
| Cost of risk | -244 | -1,817 | -970 | -231 | -988 | -376 |
| **Operating income** | **658** | **-3,570** | **904** | **-1,210** | **-1,854** | **136** |
| Equity method | 672 | 484 | 484 | 144 | 68 | 68 |
| Gains or losses on other assets | 4 | -5 | -5 | -3 | -15 | -15 |
| **Income before taxes** | **1,333** | **-3,163** | **1,310** | **-1,069** | **-1,872** | **118** |
| Taxes | -91 | 614 | -251 | 458 | 323 | -54 |
| Minority interests | -112 | -73 | -73 | -28 | 6 | 6 |
| **Net underlying income, group share** | **1,130** | **-2,622** | **987** | **-639** | **-1,543** | **70** |
| Income from discontinued operations | -369 | 0 | 0 | -287 | 0 | |
| Net restructuring income | 466 | 70 | 70 | 56 | 0 | |
| Net restructuring expenses | -125 | -247 | -247 | -30 | -74 | |
| **Net income, group share** | **1,101** | **-2,799** | **810** | **-900** | **-1,617** | |

(1) excluding restructuring costs
(2) on a constant-structure and currency basis
(3) Workout Portfolio Management (GAPC – Gestion Active des Portefeuilles Cantonnés)

# Net banking income of divisions

| *€m* | 2007 | 2008 | | Q4-07 | Q4-08 |
|---|---|---|---|---|---|
| "New" CIB | 2,574 | 2,857 | | *N.A.* [(1)] | 879 |
| Asset Management | 1,710 | 1,358 | | 469 | 330 |
| Private Equity and Private Banking | 511 | 191 | | 111 | -52 |
| Services | 1,466 | 1,477 | | 370 | 350 |
| Receivables Management | 925 | 800 | | 248 | 116 |
| Total NBI excluding GAPC | 7,186 | 6,683 | -7% | | |
| *GAPC* [(2)] | *-864* | *-3,452* | | *N.A.* [(1)] | *-1,335* |

(1) NBI CIB global Q4-07: -€692m

(2) The GAPC proforma were prepared as described in "Details of methodology" p. 76 and 77

# Expenses

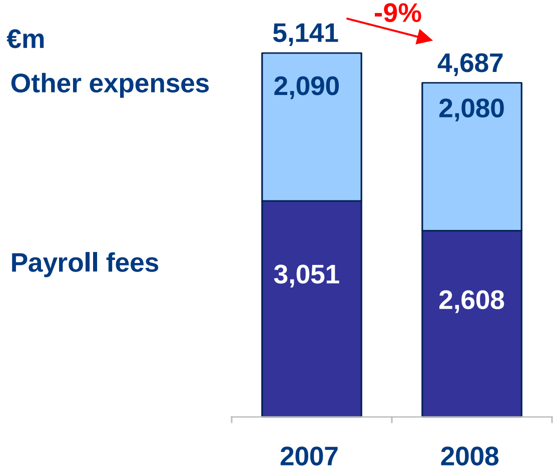
**Decrease in expenses:**

- **-10% vs. 2007 on a constant-structure and currency basis**
  - Headcount decrease at the Corporate Centre (-6%) and CIB (-3% overall and -7% in France)
  - Sharp drop in performance-related variable compensations
- **Increased cost cuts as of the second half of 2008**

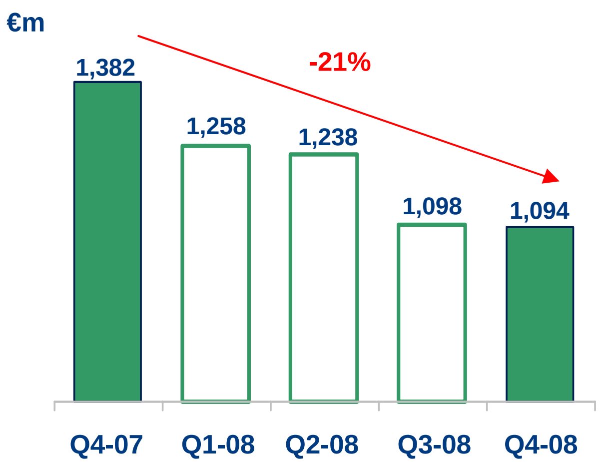
**Job adaptation plan:**

- **Launched September 22, 2008**
- **Departures on the rise since Q1-09 (800-departures target reached)**

**Operating expenses (1)**

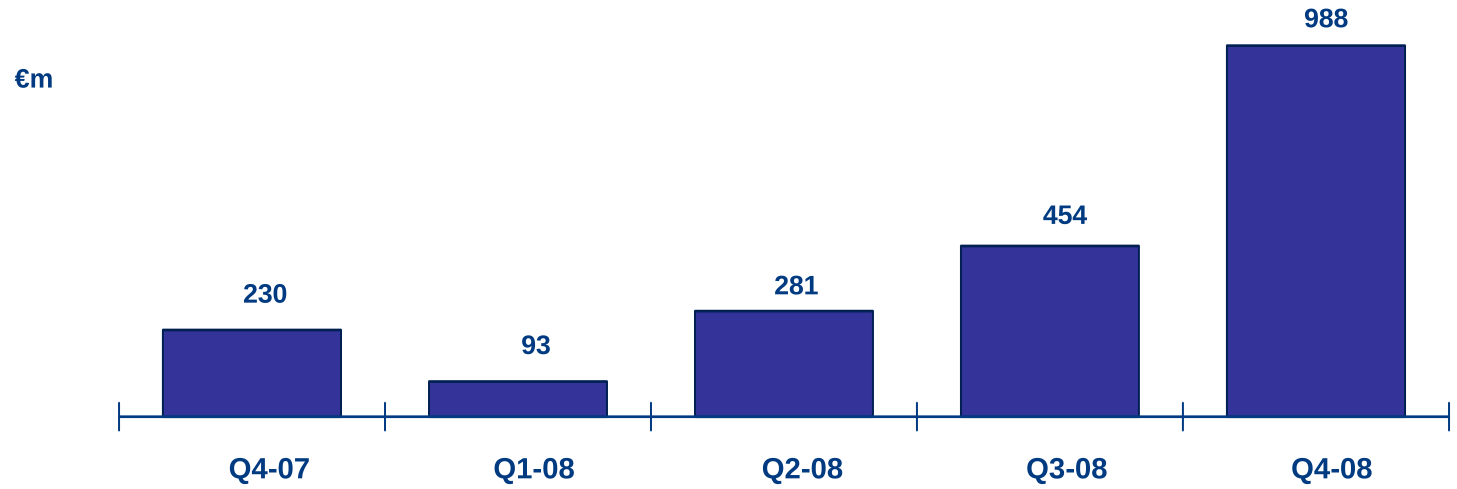



**Quarterly changes in expenses (1)**




(1) excluding restructuring costs

# Cost of risk




- **Overall cost of risk for 2008: €1.817bn of which €1.536bn related to the financial crisis**
  - **Sharp rise of individual risk (mostly in Q4-08)**
    - **Fuelled by the FIG risk:** Madoff fraud scheme: €375m, Icelandic banks: €94m, Lehman Brothers: €293m
    - **Corporate cost of risk rose as from H2-08**
  - **Stock of collective provisions increased to €966m (+15% over the year)**
- **Cost of risk in bp (in relation with Basel II average risk-weighted assets):**

| | Q1-08 | Q2-08 | Q3-08 | Q4-08 | 2008 |
|---|---|---|---|---|---|
| Overall cost of risk | 29 | 89 | 143 | 314 | 144 |
| Individual risk (excluding crisis) | 28 | 19 | 36 | 67 | 38 |

# Net underlying income of divisions

| €m | Q4-07 | Q1-08 | Q2-08 | Q3-08 | Q4-08 |
|---|---|---|---|---|---|
| "New" CIB | N.A. | 86 | 143 | -12 | 153 |
| Asset Management | 49 | 49 | 67 | 44 | 49 |
| Private Equity and Private Banking | 43 | 33 | 28 | -3 | -68 |
| Services | 79 | 102 | 99 | 70 | 71 |
| Receivables Management | 64 | 45 | 40 | 15 | -29 |
| *GAPC [1]* | *N.A.* | *-254* | *-1,418* | *-324* | *-1,613* |

[1] 2008 operating expenses broken down evenly by quarter / 2008 taxes: difference between the taxes of CIB in its former scope and the normative taxes for the "New" CIB

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# The "New" CIB

NATIXIS

**Focus on client-related business**

- Corporate tier one (France, Southern Europe)
- Corporate mid cap (France)
- Financial institutions (Europe)
- Structured finance clients (International)

**Product range adapted to respond to the new environment**

- Structured finance
- Simple capital market products allowing for cross-selling which has proved itself in times of crisis
- Simple investment products
- Equity group, highly de-risked, by the pooling of simple derivatives and brokerage activities

**CIB New profile**

**Tighter international presence**

- Sharp reduction in Asia and in the US
- Marginal offices closed
- Development projects placed on the back burner

**Reduced risk profile and strengthened controls**

- Pure proprietary activities or high volatility business stopped

**Improved operating efficiency**

- Sharp reduction of headcount in CIB by the end of 2009

# Impacts of the CIB plan

NATIXIS

| | |
|---|---|
| Maintained | |
| Sharp reduction | |
| Withdrawal / Workout Portfolio Management | |
| Transfer | |
| Not present | |

| Businesses (current organization) | Main business lines | Business lines | Europe | | | | | | | | The Americas | | | | Asia | | | | | | | Afr. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | France | Germany | London | Luxembourg | Milan | Madrid | Moscow | Other | USA | Panama | Brazil | Other | Hong Kong | Tokyo | Shanghai | Singapore | Sydney | Dubai | Other | Algeria |
| Coverage | Coverage France and M&A | | | | | | | | | | | | | | | | | | | | | |
| | Coverage international | | | | | | | | | | | | | | | | | | | | | |
| | Financial institutions and public sector | | | | | | | | | | | | | | | | | | | | | |
| | Global Trade Services | | | | | | | | | | | | | | | | | | | | | |
| | Lease | | | | | | | | | | | | | | | | | | | | | |
| | Pramex. Algeria | | | | | | | | | | | | | | | | | | | | | |
| Capital markets | Equity cash | ECM | | | | | | | | | | | | | | | | | | | | |
| | | Intermediation / brokerage | | | | | | | | | | | | | | | | | | | | |
| | EDA (including sales) | Arbitrage (Alpha, index and stat, conv.) | | | | | | | | | | | | | | | | | | | | |
| | | Equity Finance | | | | | | | | | | | | | | | | | | | | |
| | | Equity derivatives, simple (flow) | | | | | | | | | | | | | | | | | | | | |
| | | Equity derivatives, complex | | | | | | | | | | | | | | | | | | | | |
| | CMD (including sales) | NCM | | | | | | | | | | | | | | | | | | | | |
| | | OTC derivatives | | | | | | | | | | | | | | | | | | | | |
| | Corporate Solutions | Global Risk Europe | | | | | | | | | | | | | | | | | | | | |
| | | Strategic derivatives | | | | | | | | | | | | | | | | | | | | |
| | Alternative Assets | Alter. Credit and structured assets | | | | | | | | | | | | | | | | | | | | |
| | | Structured products funds | | | | | | | | | | | | | | | | | | | | |
| | | Alternative asset management | | | | | | | | | | | | | | | | | | | | |
| | Fixed income (including sales) | Credit, simple (flow) | | | | | | | | | | | | | | | | | | | | |
| | | Credit, complex (ex. correlation) | | | | | | | | | | | | | | | | | | | | |
| | | Interest rate, simple (flow) | | | | | | | | | | | | | | | | | | | | |
| | | Interest rate, complex (ex. correlation) | | | | | | | | | | | | | | | | | | | | |
| | | Forex, simple (flow) | | | | | | | | | | | | | | | | | | | | |
| | | Forex; complex (ex. hybrids) | | | | | | | | | | | | | | | | | | | | |
| | | Origination DCM (JV FI / D&F) | | | | | | | | | | | | | | | | | | | | |
| | Treasury & arbitrages | Cash flow | | | | | | | | | | | | | | | | | | | | |
| | | Arbitrage (interest rate, credit, div.) | | | | | | | | | | | | | | | | | | | | |
| Debt & Financing | Debt solutions | Global | | | | | | | | | | | | | | | | | | | | |
| | Structured finance | Aeronautics | | | | | | | | | | | | | | | | | | | | |
| | | Shipping – Land transport | | | | | | | | | | | | | | | | | | | | |
| | | Leverage Finance | | | | | | | | | | | | | | | | | | | | |
| | | Commodities | | | | | | | | | | | | | | | | | | | | |
| | | Project finance | | | | | | | | | | | | | | | | | | | | |
| | | Financial engineering | | | | | | | | | | | | | | | | | | | | |
| | Real estate | Commercial | | | | | | | | | | | | | | | | | | | | |
| | | Residential | | | | | | | | | | | | | | | | | | | | |
| | Securitization | Securitization | | | | | | | | | | | | | | | | | | | | |
| | | Conduit management | | | | | | | | | | | | | | | | | | | | |
| | Proprietary trading and principal finance | | | | | | | | | | | | | | | | | | | | | |
| Others | Support functions - IT | Teams | | | | | | | | | | | | | | | | | | | | |
| | Support functions - Operations | Back offices financing / capital market | | | | | | | | | | | | | | | | | | | | |
| | Support functions - Other | CPM, HR, Finance, Controlling, etc. | | | | | | | | | | | | | | | | | | | | |

# International presence scaled down

| | Confirmed | Stopped or scaled down |
|---|---|---|
| **Asia** | ▪ Financing, particularly structured finance<br>▪ Sale of simple capital market products allowing for cross-selling with corporate clients (interest rates, forex, commodities)<br>▪ Access to equity markets | ▪ Complex capital market products stopped<br>▪ Extended grouping of teams in Hong Kong<br>▪ India and Korea projects postponed |
| **The Americas** | ▪ Structured finance<br>▪ Client-oriented capital market operations, (forex, interest rates, commodities)<br>▪ Intermediation / primary equity markets<br>▪ Securitization (advisory, restructuring)<br>▪ Energy sector client base, financial institutions, financial sponsors | ▪ Discontinued businesses: equity derivatives, residential real estate, structured credit and credit proprietary activities, most corporate plain vanilla financing<br>▪ Drastic reduction of commercial real estate origination operations (focus in New York City only)<br>▪ Brazil development project deferred and Panama and Bogota operations closed down |
| **Europe Middle-East** | ▪ Financing, particularly structured finance<br>▪ Client-oriented market operations (Corporate, financial institutions)<br>▪ Plan centered on teams in London, Frankfurt, Madrid, Milan, Moscow and Dubai (backed by specialized teams in Paris) | ▪ Portugal and Iran operations closed down<br>▪ Coverage of UK and Scandinavian corporate stopped<br>▪ Trade Finance operations in Italy and Spain reduced<br>▪ Merger of teams (front and support) in Paris |

# "New" CIB: main projects (1/3)

**Focus and develop client-oriented activities**

- Fast growth of client contributions in capital market operations: + 14% in 2007;  +34% in 2008
- Priority target: increase cross-selling growth, in particular simple capital market products such as interest-rate, forex, commodities hedging and bonds

**Capitalize on our recognized expertise in structured finance**

- Continue to grow our international client base (commodities, transport financing, project finance)

**Further develop forex and commodity market operations**

- Forex: strengthen our international organization and our cross-selling with financing operations, considering the sharp rise recorded in 2008, especially in the United States.
- Commodity Markets: merge into the fixed-income business line to offer clients an extended range of products and continue with the strong growth recorded in 2008, particularly on OTC derivatives.

# “New” CIB: main projects (2/3)

**Consolidate positions on primary markets**

- **# 2 for French corporate bond issues**
- **# 2 for bond issues from AAA French issuers**
- **# 4 worldwide for euro covered bonds**
- **# 1 by number of transactions and # 4 by amounts on the equity capital markets in France (stand-alone or via the partnership with Lazard).**

  **2008 was an excellent year for primary markets. These rankings have been confirmed since the beginning of 2009.**

**Strengthen information systems**

- **2008: capital market operations information systems integrated**
- **2009: financing systems redesigned – reduce the number of systems, improve information quality, reorganize the department (front to back) – appreciable savings expected as from 2011**
- **At the same time, investments to reinforce control systems will continue (stress tests, worldwide homogenization)**

# “New” CIB: main projects (3/3)

**Continue the cost-cutting plan launched in mid-2008**

- **First noticeable effects in Q4-08 in France: -191 FTE**
- **In Q1-09, mainly in Asia and the United States**
  - **The reorganization announced in December 2008 has been implemented, in terms of business lines and geographic zones**
  - **Support functions are being scaled down accordingly, particularly at international level**

**The number of employees at CIB should decrease by more than 10% in 2009 only.**

# “New” CIB: Estimated financial results

**Average cycle (short- medium-term)**

- **Estimated NBI: €2.5 to €3 billion**

| | *€bn* | 2008 | Reminder – MT plan [1] 2010 (august 08) | Estimate in average cycle |
|---|---|---|---|---|
| Financing | Corporate and Institutional Investors (plain vanilla) | 0.5 | 0.55 | 0.5 to 0.6 |
| Investments | Debt & Financing (structured) | 1.0 | 1.31 | 1.0 to 1.2 |
| | Capital Markets | 1.1 | 1.65 | 1.2 to 1.4 |
| | **TOTAL Business lines** | **2.6** | 3.51 | **2.7 to 3.2** |
| | Miscellaneous (including CPM) | 0.3 | -0.10 | -0.2 |
| | TOTAL | 2.9 | 3.41 | 2.5 to 3.0 |

- **Cost-income ratio: 61 to 63 %**
- **ROE: 8 to 12 %**

(1) Medium-term plan 2010 announced on 28/08/08

# GAPC: Objectives and ressources (1/3)

## Objectives

- **Segregate assets managed on a run-off basis as they no longer correspond to Natixis' new strategic choices**
  - Either, for lack of synergies with the other businesses
  - Or because the profit generated does not compensate for the capital or cash tied in
  - Or because their profile no longer corresponds to Management's strategy
- **Externalize segregated assets gradually through a Workout Portfolio Management, in an attempt to optimize trade-offs between quick returns and asset price**
- **Highlight the recurring performance of the businesses in the "New" CIB**

## Ressources

**To manage those segregated activities, a team set up with the following distinctive features:**

- **Dedicated:** to enable other teams to focus on developing target businesses and make it easier to determine objectives
- **Relatively small:** to limit management fees
- **Expert:** top level profiles to handle an important task
- **New for the most part:** to guarantee and streamline change management

# GAPC: First actions (2/3)

## Current organization

- Scope determined
- Target structure presented to employee representatives
- Managers in charge of the segregated portfolios determined
- Run-off targets determined per portfolio

## Risk management

- New limits set in order to reduce risks in each portfolio
- Quick depreciation of funds-linked structured products (net cash at risk down by €3.2 billion in Q4-08)
- Sale and quick depreciation of assets (€1.820bn in Q4-08 and €750m since January 1, 2009)
- Gradual hedging of open positions on derivatives (interest rate, equity, credit) to:
  - return to a before crisis VaR level, despite higher market volatility
  - reduce most of the potential losses in the stress test scenarios

# GAPC: scope (3/3)

**€bn**

**Dec. 31, 08**

| Type of assets (nature of portfolios) | Notional (net of provisions) | VaR in €m | Risk-weighted assets | Comments |
|---|---|---|---|---|
| ABS CDOs [(1)] [(2)] | 1.4 | | Structured credit portfolios 12.3 | 52% investment grade of which 3% AA and AAA |
| Other CDOs [(2)] | 3.7 | | | 94% investment grade of which 82% AA and AAA |
| RMBS and Covered Bonds | 11.3 | | | 94% investment grade of which 84% AA and AAA |
| CMBS | 1.1 | | | 99% investment grade of which 91% AA and AAA |
| Other ABS | 1.1 | | | 97% investment grade of which 78% AA and AAA |
| Hedged assets | 25.0 | | | 85% investment grade of which 80% AA and AAA |
| Corporate credit portfolio | 7.0 | | 1.0 | 98% investment grade of which 73% AA and AAA |
| Complex derivatives (credit) | | 12.7 [(3)] | 5.9 | |
| Complex derivatives (interest rate) | | 25.9 | 4.7 | |
| Complex derivatives (equity) | | 6.1 | 1.3 | |
| Funds-linked structure products | Cash at risk 5.5 | | 5.7 | |
| | | TOTAL | 31.0 | |

(1) ABS CDOs with subprime underlying assets not hedged
(2) Including commuted assets (CIFG)
(3) Includes a counterparty risk on CDPC: €9.7 billion notional (MtM exposure of €2.6 billion)

**The segregated credit portfolios include both non-risky and risky assets, most of which are investment grade rated**

**Today, 88% are investment grade rated, 78% of which are AAA and AA**

**The valuation methods used do not reflect the extreme illiquidity of the current market situation but they do reflect the valuation at closing of potential losses on underlying assets at maturity**

# Radical transformation of CIB

A business confirmed as strategic by both Natixis' parent companies

Strong measures launched to re-focus CIB and concentrate its resources (capital equity, liquidity) on its key clients and long-standing expertise

Major cost-cutting effort launched in 2008 and amplified in 2009

Crucial investments continued (products, systems, controls)

Active management of segregated assets

↳ should enable the "New" CIB to return to a controlled and profitable growth as early as 2010

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# Merger of the two parent companies

**The merger between the central bodies of Groupe Banque Populaire and Groupe Caisse d'Epargne will give birth to the second largest French banking group**

**The merger will have a positive effect on Natixis:**

- **Simplified operation with a single shareholder**
- **Backed by a single powerful group**
- **Dynamic business momentum in retail banking**
  - ⇨ **positive effect for Natixis:**
    - as supplier of products and services to the networks
    - via cooperative investment certificates (CCI) - consolidation of 20% of the regional banks results
- **Enhanced visibility for the new combine on international financial markets**

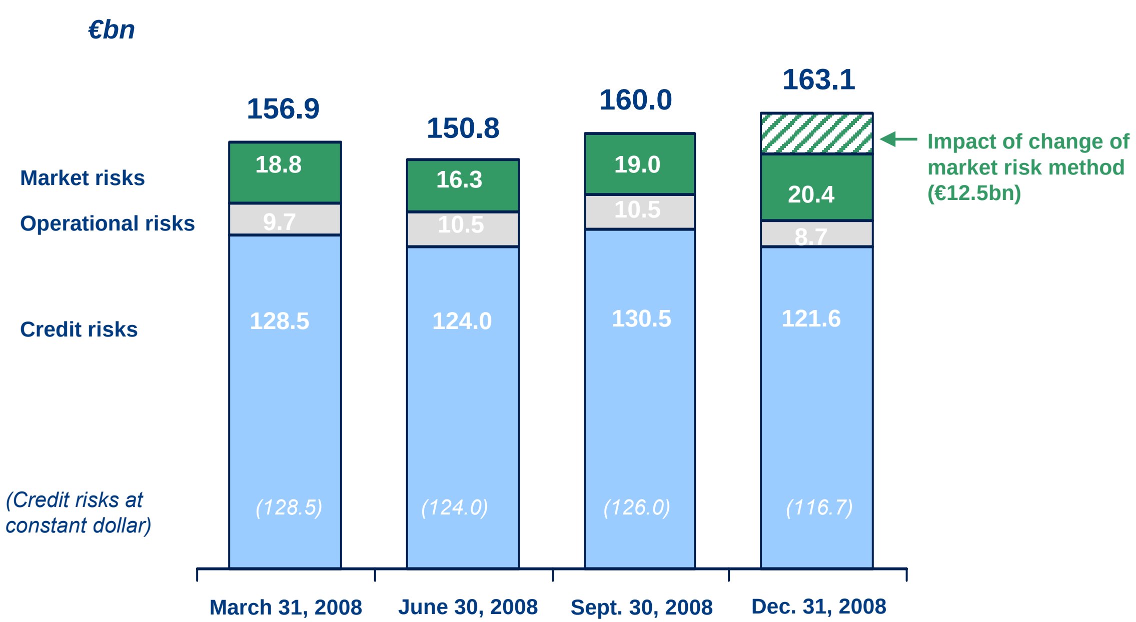
# Risk-weighted assets

**Decreasing risk-weighted assets (on a constant methodology basis)**

- **Credit risks: - 7% over Q4-08, despite unfavorable effect of the overall decline of counterparty ratings**
- **Market risks: +7% over Q4-08, at constant methodology, due to extreme market volatility**

**Forecasts**

- **The positive effect expected from change to advanced method (-€10 to -€15 billion) should offset the negative procycle effect of Basel II**
- **The natural assets decrease in GAPC should bring risk-weighted assets down to €25 billion at the end of 2010**




Basel II standards

**RWA by division (December 31, 2008)**

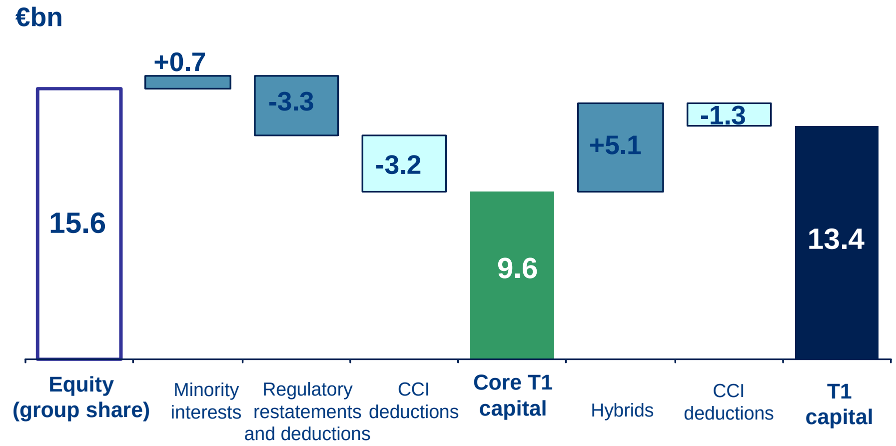
| | |
|---|---|
| "New" CIB | 102.5 |
| GAPC | 31.0[1] |
| Asset Management | 3.9 |
| PEPB | 6.4 |
| Services | 10.5 |
| Receivables Management | 7.1 |
| Corporate Centre | 1.7 |
| **Total** | **163.1** |

[1] excluding securitizations deducted from capital

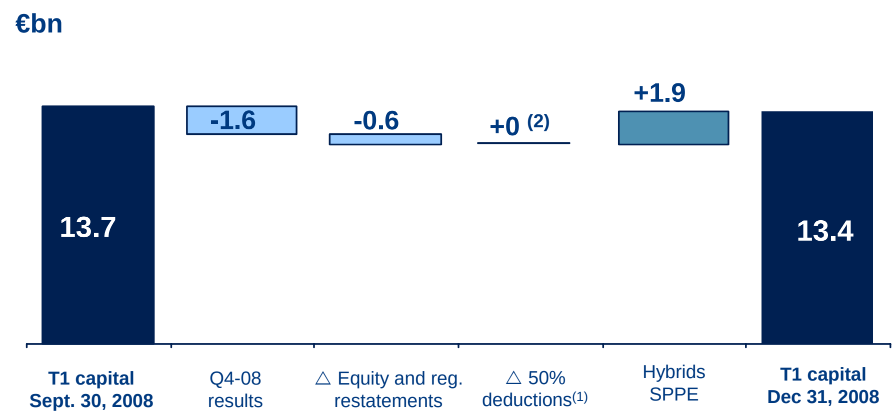
# Capital structure

- **Equity, group share[1]: €15.6bn**
- **Banking sector rescue plan**
  - December 2008: issue of perpetual super subordinated bonds, subscribed up to €1.9 billion by the central bodies to reflect the issue subscribed by SPPE with BFBP and CNCE
  - H1-09: possible access to a share of the 2nd tranche by SPPE via its two shareholders (form to be determined)
- **Solvency ratios [1]:**
  - Tier one ratio: 8.2%
  - Tier one ratio (proforma 2nd tranche SPPE[3] and ongoing assets divestment projects): superior to 9%
  - Core Tier one ratio: 5.9%
  - Core Tier one ratio (taking into account ongoing divestment projects): in the range of 6.3%
- **Per share data [1]:**
  - Book value: 5.37€
  - Number of shares: 2,908,137,693 (of which 12,713,642 treasury shares)

**Tier one capital at December 31, 2008**




**Changes in Tier one capital over Q4-08**




(1) at Dec. 31, 2008

(2) including +€0.2 billion for credit institutions (held by more than 10% by Natixis) and CCIs and -€0.2 billion for shares in securitization

(3) Based on the assumption of a minimum share of 0.5% of risk weighted assets allocated to Natixis

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# Asset Management (1/2)

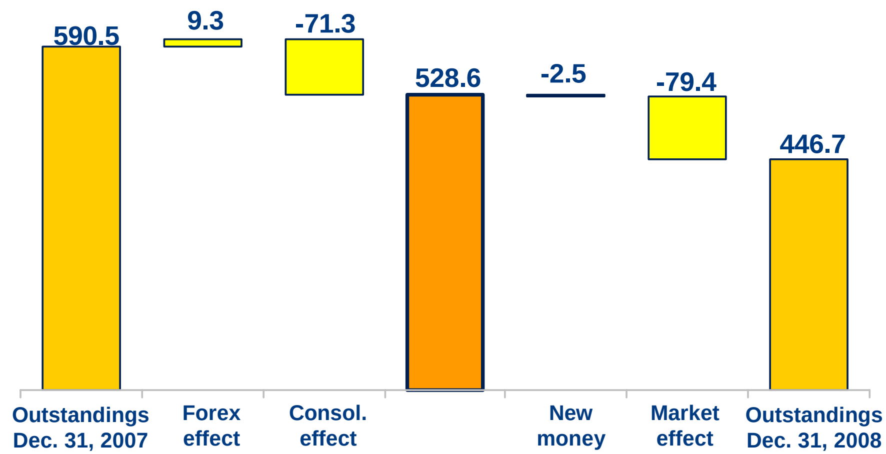
## Global assets managed ( Dec. 31, 2008): €447bn

- 24% decrease (-14% excl. La Poste) vs. 31/12/07 due to:
  - Negative market effect of €79bn
  - La Poste asset withdrawals (€72.2bn) which have a low impact on revenues (€7 million over a full year)
  - Net outflow limited to €2.5bn despite financial market context in Q4-08
- Europe: €294bn (vs. €392bn at 31/12/07): impact of La Poste asset withdrawals; outflow limited to €2.6bn, i.e. less than 1% outstandings; increasing market share in France (+1%) and N°2 for open-end funds in Europe[1]
- United States: $214bn (vs. $291bn at 31/12/07) with exceptional gross intake ($30 billion for NGAM US) and a small net intake of +$0.8bn generated mainly from the bond product distribution platform (Loomis) and the Gateway hedged equity

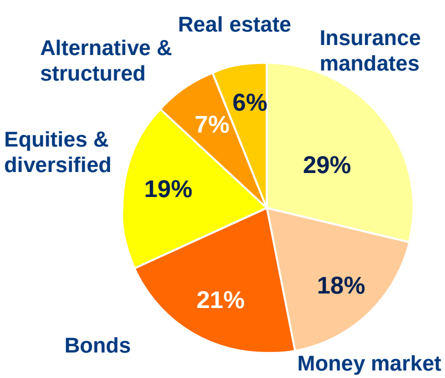
**Crisis adaptation measures:**

- **Targeted reorganizations**
- **Payroll and cost control**
- **Energetic commercial action**
- **Rationalized product ranges**
- **Product innovations (Gateway, Alpha Simplex)**

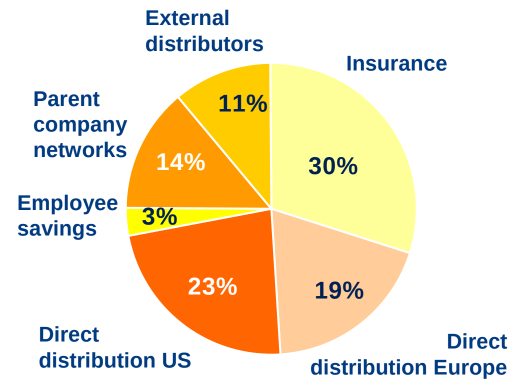
**Assets under management (2008 change)**




**By asset class**




**By distribution channel**




(1) Source Europerformance

# Asset Management (2/2)

- **NBI: -17%[(1)] vs. 2007**
  - Lower performance-related fees on hedged and real-estate funds relative to a high base in 2007 (€67 million in 2008 and €265 million in 2007)
  - 6% fall in average AuM vs. 2007
- **Expenses very well contained: -21%[(1)] vs. 2007**
  - Payroll fees down 32% vs. 2007 that reflect sharp reductions in variable compensation
- **GOI: -4%[(1)] vs. 2007**
  - Enhanced cost-income ratio: -4 points vs. 2007
  - Increased cost of risk

**Profitability maintained despite very tough market conditions (Q4-08 underlying net income stable vs. Q4-07)**

| *€m* | 2007 | 2008 | Q4-07 | Q4-08 |
|---|---|---|---|---|
| **Net banking income** | **1,710** | **1,358** | **469** | **330** |
| Expenses | -1,278 | -965 | -372 | -233 |
| **Gross operating income** | **432** | **393** | **97** | **97** |
| Cost of risk | -3 | -56 | -3 | -20 |
| Income before taxes | 443 | 335 | 97 | 67 |
| **Net underlying income, group share** | **263** | **208** | **49** | **49** |
| Cost-income ratio | 75% | 71% | 79% | 71% |
| Allocated capital | 204 | 214 | 231 | 215 |
| Annualized ROE (after taxes) | 129% | 97% | 85% | 91% |

**Cost of the crisis in 2008:**
- Impact on NBI: €33m
- Cost of risk: €56m

(1) on a constant currency basis

# Services (1/2)

## Solid performances

- **NBI: €1,477m**
  - +1%
  - -2% (on a constant-structure basis)
  - +2% excl. IFRS value adjustments on life insurance
- **Expenses: €522m**
  - - 2% (on a constant-structure basis)
- **Q4-08: Gross operating income quasi-stable**

**Crisis adaptation measures:**

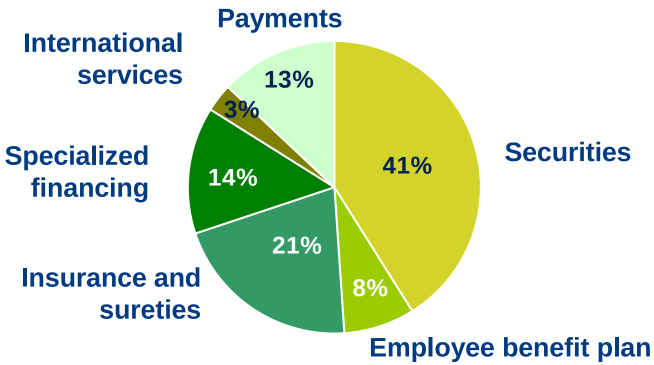
- Decrease in overheads, on a constant-structure basis, which reflects that business lines quickly adapt to revenue inflexions
- Use of capital optimized for specialized businesses, such as consumer credit and leasing

## Data per business:

- **Securities**
  - Business restructure finalized in 2008
  - NBI stable on a constant-structure basis
- **International services**
  - NBI: +24% fuelled by Natixis Algérie (+37%)

| *€m* | 2007 | 2008 | Q4-07 | Q4-08 |
|---|---|---|---|---|
| **Net banking income** | **1,466** | **1,477** | **370** | **350** |
| Expenses | -910 | -955 | -254 | -239 |
| **Gross operating income** | **557** | **522** | **116** | **112** |
| Cost of risk | -16 | -21 | -4 | -7 |
| Income before taxes | 545 | 516 | 112 | 104 |
| **Net underlying income, group share** | **359** | **342** | **79** | **71** |
| Cost-income ratio | 62% | 65% | 69% | 68% |
| Allocated capital | 1,912 | 1,978 | 1,836 | 1,996 |
| Annualized ROE (after taxes) | 19% | 17% | 17% | 14% |

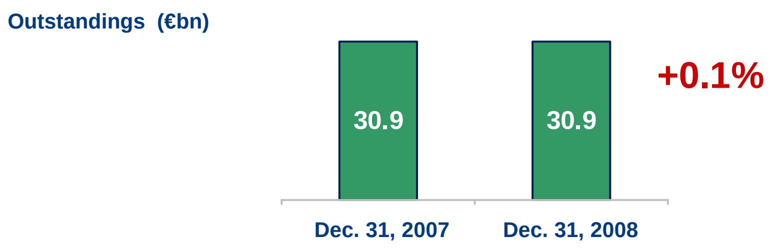
## NBI Q4-08



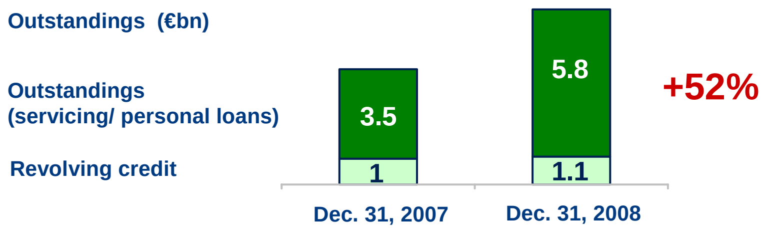
# Services (2/2)

- **Insurance:**
  - Life insurance revenues continued to trend down in line with the bancassurance market but assets stable despite the drop in the equity market
  - Turnover up 22% for personal risk insurance
- **Sureties and financial guarantees:**
  - Outstandings up 15% in sureties over the year
  - Sustained growth of sureties to companies
- **Leasing:**
  - Average outstanding up 8% to €7.5bn
  - Significant increase of new lending: +9% on leasing, +35% on real estate leasing
- **Consumer finance:**
  - In a mature market, revolving credits up 9% and personal loans up 64%
  - Cost of risk contained, less than 2%
- **Employee benefit plan:**
  - Increase in income (+9%) despite market decline
  - Number of clients up 13%
  - **Natixis Interépargne consolidated its leading position in the French market**
- **Payments:**
  - Number of cards up 5% and increase in volume of cleared transactions.
  - Productivity continued to grow significantly.
  - **Natixis Paiement : first issuer of SEPA transfers**

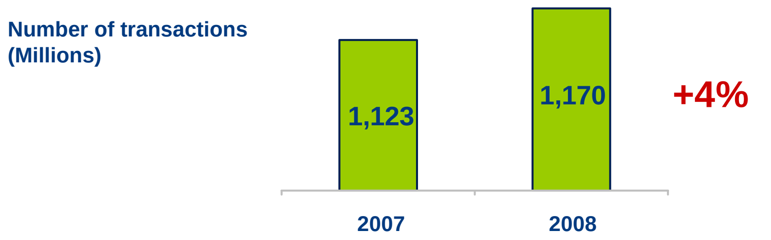
## Life insurance




## Consumer finance




## E-money transactions



# Receivables Management (1/2)

NATIXIS

- **Healthy revenue growth for Coface Holding (+7.1% on a current-structure basis) driven, like in 2007, by:**
  - Credit insurance and services outside Europe (+18.6%),
  - Factoring (+16.8% reflecting an extension of the network from 16 to 28 countries to become the largest network worldwide in terms of geographic coverage).

- **Operating expenses well contained**
  - +1.8% on a constant-structure and currency basis well below the 6.4% growth in revenues also on a constant-structure and currency basis

- **The credit crisis generated a sharp decline of earnings:**
  - Credit insurance recorded a drop of €27 million over the year,
  - but the sharp rise in services (+29%) and factoring (+28%) ensured results of €71 million in 2008

| *€m* | 2007 | 2008 | Q4-07 | Q4-08 |
|---|---|---|---|---|
| **Net banking income** | **925** | **800** | **248** | **116** |
| Expenses | -668 | -696 | -182 | -180 |
| **Gross operating income** | **257** | **104** | **66** | **-64** |
| Cost of risk | -15 | -28 | -4 | -4 |
| Income before taxes | 253 | 102 | 69 | -52 |
| **Net underlying income, group share** | **186** | **71** | **64** | **-29** |
| Cost-income ratio | 72% | 87% | 73% | 156% |
| Allocated capital | 1,127 | 1,225 | 1,175 | 1,263 |
| Annualized ROE (after taxes) | 17% | 6% | 22% | - |

**Credit insurance NBI**

| *€m* | 2007 | 2008 | Q4-07 | Q4-08 |
|---|---|---|---|---|
| **Revenues** | **1,571** | **1,682** | **410** | **431** |
| Expenses related to loss ratio | -483 | -739 | -124 | -298 |
| Other | **-163** | **-143** | **-38** | **-17** |
| **NBI** | **925** | **800** | **248** | **116** |

# Receivables Management (2/2)

- **The credit crisis which started in January 2008 reached its second phase in the fourth quarter and resulted in a credit insurance loss ratio:**
  - of 49 % in 2007…
  - …up to 59 % in the first nine months of 2008…
  - …with an average ratio of 73 % over 2008. Coface posted the best performance of all credit insurance companies.
- **Measures to adapt to this second phase were taken as from January to round out the “Act on the crisis” plan launched in January 2008. These measures provided for:**
  - a further minimum increase in credit insurance tariffs of 30%,
  - and a 30% reduction in the speculative grade portfolio (480,000 risks for 16% of total guaranteed portfolio).
- **These measures should:**
  - bring the credit insurance loss ratio back down to 70% of premiums and ensure the Division posts significant net income in 2009,
  - as the risks covered are very short term: 90% of compensation provisioned in 2008 concern risks which can be terminated within 3 months or less.
- **At the same time, Coface continues to improve on its corporate rating program with a three-fold ambition:**
  - to improve risk management efficiency,
  - To use as a means of communications with companies,
  - To obtain recognition from regulatory authorities, especially in Europe.

# Private Equity and Private Banking

NATIXIS

## Private Equity

- **2008 Investments: €778m**
  of which €340m for third parties
- **NBI: €80m in 2008, (-79% vs. 2007)**
  - Strong increase in capital gains to €269m (+34% vs. 2007)
  - Increase of net allocations to provisions to €142m (vs. €21m in 2007)
  - Decrease of underlying capital gains (-€70m)
- **Total underlying capital gains**: €267m as at 31/12/08 (vs. €345m as at 31/12/07)
- **Assets under management: €4bn, up 11% vs. 31/12/07, i.e.:**
  - €1.9bn in proprietary investments
  - €2.1bn for third parties

## Private Banking

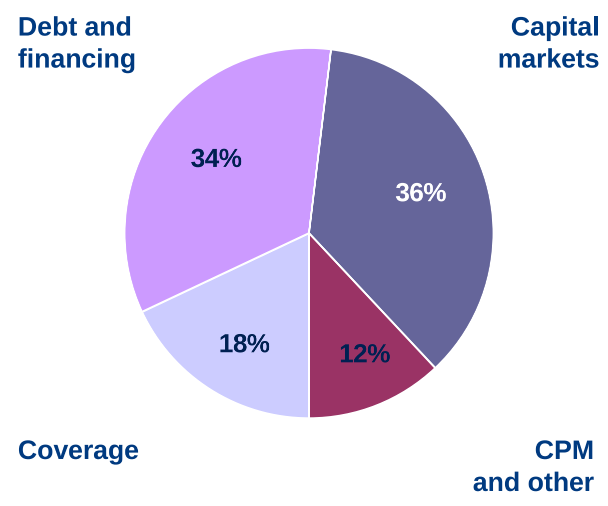
- **NBI: €110m in 2008 (-13% vs. 2007)**
  - Decrease in portfolio-related fee income due to market impact on outstandings
  - Unfavorable change in the structures of outstandings
- **Assets under management: €13.6bn**
  - Net fund intake in 2008 (+€0.5bn) thanks to the wealth management segment

| *€m* | 2007 | 2008 | Q4-07 | Q4-08 |
|---|---|---|---|---|
| **Net banking income** | **511** | **191** | **111** | **-52** |
| Expenses | -171 | -170 | -48 | -43 |
| **Gross operating income** | **339** | **21** | **63** | **-94** |
| Cost of risk | 8 | -13 | 1 | -1 |
| Income before taxes | 347 | 9 | 65 | -94 |
| **Net underlying income, group share** | **248** | **-10** | **43** | **-68** |
| Cost-income ratio | 34% | 89% | 43% | - |
| Allocated capital | 319 | 365 | 349 | 404 |
| Annualized ROE (after taxes) | 78% | - | 50% | - |

# Corporate and Investment Banking (1/2)

- **Coverage ("New" CIB) – NBI 2008: €522m**
  - Plain vanilla corporate financing in France
    - Slight increase in revenues – improved gross margins on both of credit lines and loans
    - Decrease in average outstandings
- **Debt and Financing ("New" CIB) – NBI 2008: €976m**
  - Structured and commodity finance
    - Revenue rise in commodity finance, financial engineering and in shipping and land transport – Shrinkage in LBO and real estate financing
    - Increase in interest margins and fees offset by the dollar and discounts
- **Capital markets ("New" CIB) – NBI 2008: €1.019bn**
  - Sharp rise of client contributions on the back of:
    - Strong business momentum with corporate clients
    - Steady activity flow with banks and asset managers
  - Equities
    - Equity Derivatives & Arbitrage was well down (simple derivatives Europe and USA, Index and Stat Arbitrage)
    - Corporate solutions: revenue growth in 2008, sharp rise of cost of risk in Q4-08, business remained profitable over the year
  - Commodities
    - Commodity trading performed well (brokerage and OTC) and continue their controlled growth
  - Fixed income [1]
    - NBI satisfactory in 2008 (particularly in Q4-08), thanks to good showings in the vanilla interest-rate segment and in forex

**"New" CIB – 2008 breakdown of NBI**




[1] Note: transfer to GAPC of exotic positions on fixed income and intermediation positions on bonds and ABS

# Corporate and Investment Banking (2/2)

NATIXIS

**"New" CIB** **A clearly positive income before taxes**

- **NBI: +11%.**
  **NBI stable at €2.515bn, excluding CPM and other**
- **Operating expenses down 8% due the drop in variable compensation**
  - The effect of the cost-cutting plan and CIB's transformation on fixed costs will have an impact on 2009 accounts
- **Strong increase in cost of risk:** €186m due to Lehman bankruptcy, €94m due to Icelandic banks, and €317m for strategic derivatives

**"New" CIB**

| *€m* | 2007 | 2008 | Q4-08 |
|---|---|---|---|
| **Net banking income** | **2,574** | **2,857** | **879** |
| Expenses | -1,804 | -1,657 | -370 |
| **Gross operating income** | **771** | **1,200** | **508** |
| Cost of risk | -45 | -653 | -270 |
| Income before taxes | 727 | 530 | 222 |
| **Net underlying income, group share** | **518** | **370** | **153** |

**GAPC** NBI comprises the following **impacts:**

- RMBS /ABS CDOs with subprime: -€1.2bn
- CMBS spread gaps, other CDOs, correlation trading: -€1bn
- Value adjustment on monolines: -€1.3bn
- Losses on complex derivatives: -€0.8bn
- Revaluation of issuer spread : +€0.6bn

**GAPC**

| *€m* | 2007 | 2008 | Q4-08 |
|---|---|---|---|
| **Net banking income** | **-864** | **-3,452** | **-1,335** |
| Expenses | -195 | -175 | -44 |
| **Gross operating income** | **-1,059** | **-3,627** | **-1,378** |
| Cost of risk | -174 | -847 | -612 |
| Income before taxes | -1,234 | -4,474 | -1,990 |
| **Net underlying income, group share** | **-776** | **-3,609** | **-1,613** |

(1) excluding restructuring costs

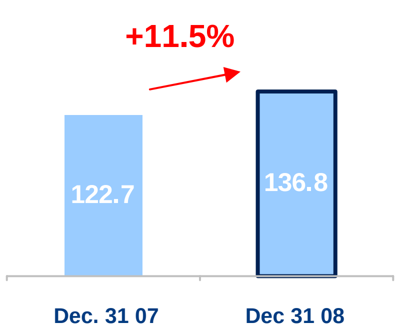
# Banques Populaires (cumulative[1])

NATIXIS

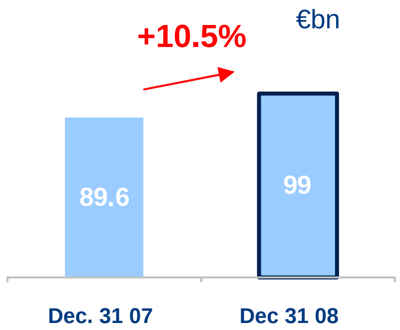
- **Major commitment to real economy financing without restrictions in the granting of loans**
- **Strong business development in a difficult environment:**
  - **Individuals:**
    - 511,000 additional clients
    - 7,400,000 personal banking clients
    - 8% growth of on balance-sheet deposits to €63bn
    - Strong loan increase: 11% to €73bn
    - 593,000 "livret A" savings accounts since beginning of the '09: total deposits of €1.9bn
    - Financial savings: higher than market new money for life insurance dedicated to private banking
    - Continuing improvement in the product rate:10 contracts per client
  - **Professionals and businesses**
    - Loan outstandings up 13% to €64bn driven by investment credit
    - Improved cross selling

| *€m* | 2007 | 2008 | Q4-07 | Q4-08 |
|---|---|---|---|---|
| **Net banking income** | **5,839** | **5,698** | **1,474** | **1,349** |
| Expenses | -3,658 | -3,803 | -942 | -983 |
| **Gross operating income** | **2,181** | **1,894** | **532** | **365** |
| Cost of risk | -388 | -529 | -116 | -187 |
| Income before taxes | 1,864 | 1,379 | 427 | 179 |
| **Net underlying income, group share** | **1,340** | **1,025** | **333** | **137** |
| Cost-income ratio | 63% | 67% | 64% | 73% |

**Loans**




**On balance-sheet deposits**




[1] The scope of CCIs comprises the regional Banque Populaires who directly own the six regional banks acquired by BP from HSBC on July 2, 2008 (La Banque de Savoie, La Banque Chaix, Les Banques Marze et Dupuy de Parseval, La Banque Pelletier et le Crédit Commercial du Sud-Ouest)

# Caisses d'Epargne (cumulative)
# Cumulative net income of €918m despite the crisis

NATIXIS

- **Strong business flow despite economic context**
  - Record money inflows of more than €9.5bn (+57% vs. 2007), geared at liquid placements
  - Sales dynamics: 310,000 new customer paying packages and 434,000 new payment cards
  - Major commitment to the financing of the economy: 7.6% increase in credit outstandings over the period
- **Slight decline of recurring NBI due to the increase in refinancing costs**
  - 3% increase in fees: excellent performance of credit-related fees (+12.5%) and fess related to repeat clients (+6.5%)
- **Contained management fees**
- **Recurring cost of risk remains low at 14 bp. (of Basel I[2] average weighted assets)**
  - Strong doubtful loans coverage ratio raised to 75%
- **Sharp fall in net income due to the impact of the financial crisis on Caisses d'Epargne's financial portfolios**
  - Return to profitability is ensured through a significant reduction of financial portfolios (more than 50% reduction in 2008)

## Recurring income [1]

| *€m* | 2007 | 2008 | Var. |
|---|---|---|---|
| **Net banking income** | **6,440** | **6,279** | **-2 %** |
| Expenses | -4,275 | -4,316 | 1% |
| **Gross operating income** | **2,165** | **1,963** | **-9 %** |
| *Cost-income ratio* | *66 %* | *68%* | |
| Cost of risk | -142 | -166 | 16 % |
| Income before taxes | 2,021 | 1,810 | -10 % |

## Income

| *€m* | 2007 | 2008 | Q4-07 | Q4-08 |
|---|---|---|---|---|
| **Net banking income** | **6,435** | **5,743** | **1,778** | **1,477** |
| Expenses | -4,309 | -4,450 | -1,187 | -1,220 |
| **Gross operating income** | **2,126** | **1,293** | **591** | **257** |
| Cost of risk | -118 | -395 | -69 | -215 |
| Income before taxes | 2,008 | 912 | 518 | 54 |
| **Net underlying income** | **1,595** | **918** | **517** | **162** |
| Cost-income ratio | 67% | 77% | 67% | 83% |

(1) Recurring income: i.e. excluding financial crisis effect, PEL/CEL and restructuring expenses
(2) Credit risk component

# Conclusion

- **With a financial crisis of such extraordinary magnitude, Natixis has decided to focus its resources on its client bases and its long-standing expertise to provide a solid and recurring income basis in all its business lines.**

- **Thanks to the strong, sometimes drastic (CIB), adaptation measures taken rapidly to cut costs and reduce risks combined with its solid capital structure and backing by a powerful group (Groupe Banque Populaire + Groupe Caisse d'Epargne), Natixis weathered the very difficult times that the banking industry has experienced since September 2008.**

# Contents

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# Specific information on exposures

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  - ABS CDOs exposed to the U.S. housing market
  - Assumptions for valuations and sensitivities
  - Other CDOs
- **Protection purchased (from monolines and CDPC)**
- **Monolines**
  - Residual exposure to counterparty risk of monoline insurers
  - Valuation methodology
- **CMBS**
- **RMBS**
- **Securitization and conduits**
- **LBO financing**

# CDO (1/3)

NATIXIS

**ABS CDOs[1] exposed to the U.S. housing market**

## Net exposure on CDOs

- Writedowns rate on non-diversified CDOs: 90%
- Writedowns rate on diversified CDOs: 19%

| €m | #1 | #2 | #3 | #4 | #5 | #6 | #7 | #8 | TOTAL Diversified CDOs | TOTAL Non-diversified CDOs |
|---|---|---|---|---|---|---|---|---|---|---|
| **Net exposure (at 30/09/08)** | 18 | 16 | 31 | 302 | 467 | 373 | 68 | 20 | 1,142 | 153 |
| **Gross nominal exposure (at 31/12/08)** | 208 | 194 | 275 | 379 | 567 | 415 | 157 | 113 | 1,361 | 947 |
| **Qualitative data** | | | | | | | | | | |
| Nature of tranche | Supersenior | Mezzanine | Supersenior | Supersenior | Supersenior | Supersenior | Supersenior | Supersenior | | |
| Accounting portfolio | Trading | Trading | Trading | Trading | Trading | Fair value option | Trading | Trading | | |
| Nature of underlying assets | Mezzanine | Mezzanine | Mezzanine | High Grade | High Grade | High Grade | Mezzanine | Mezzanine | | |
| Point of attachment | 28.0% | 15 CDOs Moy: 28%/Min: 10% | 60.3% | 0% | 20.0% | 13.8% | 46.7% | 77.7% | | |
| **Underlying assets** | | | | | | | | | | |
| % subprime assets | 89.3% | 61.4% | 53.2% | 19.1% | 8.3% | 7.5% | 68.2% | 84.6% | | |
| *≤ 2005* | *19.6%* | *35.4%* | *43.4%* | *16.0%* | *7.0%* | *5.7%* | *60.0%* | *15.7%* | | |
| *2006 & 2007* | *69.7%* | *26.0%* | *9.8%* | *3.1%* | *1.3%* | *1.8%* | *8.2%* | *68.9%* | | |
| % Alt-A assets | 2.8% | 7.9% | 3.9% | 0.6% | 1.1% | 1.4% | 0.5% | 4.1% | | |
| % prime assets | 2.2% | 11.2% | 7.2% | 4.4% | 1.5% | 2.4% | 11.7% | 2.8% | | |
| **Writedowns** | | | | | | | | | | |
| Cumulative losses in value and writedowns (at 31/12/08) | -196 | -187 | -262 | -81 | -124 | -52 | -102 | -101 | | |
| of which change in value in Q4-08 | -5 | -6 | -13 | 5 | -24 | -10 | -14 | -9 | | |
| total % writedowns (at 31/12/08) | | | | | | | | | | |
| **Net exposure (as at 31/12/08)** | 12 | 7 | 13 | 298 | 443 | 363 | 55 | 12 | 1,104 | 99 |

**Diversified CDOs** (#4 – #6)

[1] not hedged

# CDO (2/3)

NATIXIS

## Assumptions for valuation and sensitivities

### Methods used

- Conservative definition of “subprime” category (FICO score of 660 and above)
- Loss rates used to value subprime assets:

| | Before 2005 | 2005 | 2006 | 2007 |
|---|---|---|---|---|
| as at September 30, 2008 | 7.5% | 11% | 25% | **30%** |
| as et December 31, 2008 | 7.5% | 11% | 25% | **30%** |

- Alt-A: correlation at 55% (of loss rate assumptions used for subprime)
- Allocation to transactions integrated in collateral rated CCC+ or less, with a loss of 97%
- Valuation of non-subprime underlying assets based upon a writedowns grid including the type, rating and vintage of the transactions

### **Sensitivity analysis of the fair market value of CDOs:** a 10% increase of loss rates[1] would have the following impact:

| | Potential impact on NBI |
|---|---|
| Change in cumulative loss rates | -€30m[2] |

### Writedown rate of subprime included in ABS CDOs[3]

| | Productions 2005 | Production in 06 & 07 | |
|---|---|---|---|
| | | A et + | BBB and - |
| Natixis | -72% | -92% | -97% |
| ABX | | -94% | -97% |

(1) i.e. 33% for 2007, 27.5%for 2006, 12.1% for 2005 and 8.3% for years before 2005

(2) Including the change in cumulative loss ratio on CIFG’s commuted ABS CDOs

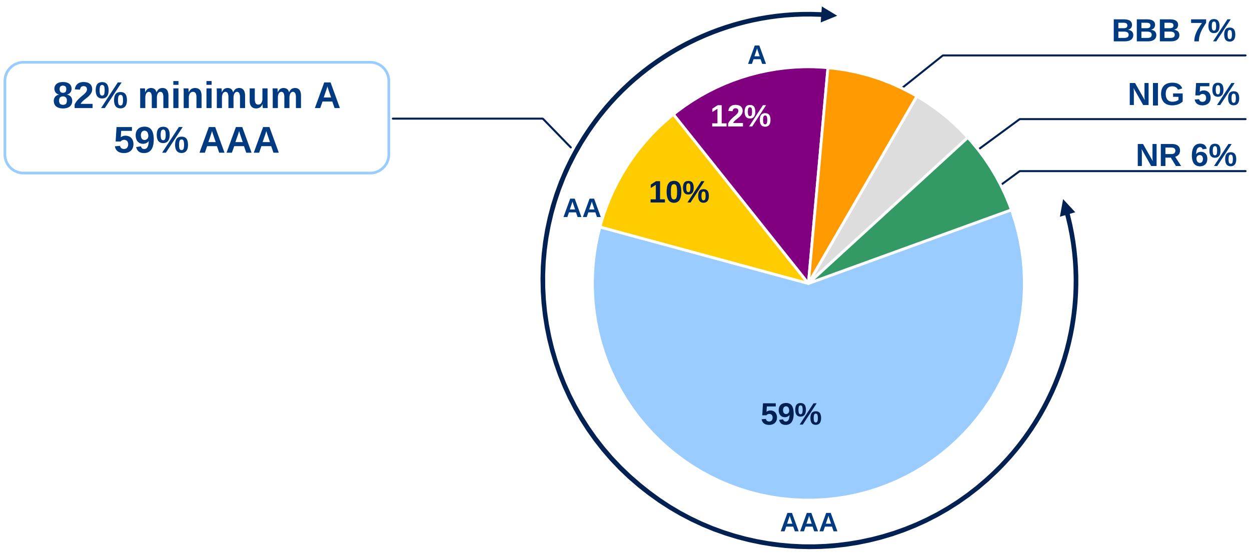
(3) excluding commuted positions

# CDO (3/3)

**Exposure to other CDOs (not exposed to U.S. housing market)**

- **Value adjustments:** -€121m in Q4-08 on financial assets at FV income through P&L
  -€35m in Q4-08 on financial assets AFS
- **Residual exposure:** €3.543bn
  of which CLO 67%

- **Breakdown of residual exposure by rating:**



# Protection purchased

## From monolines

| €m | Gross notional amount of instruments hedged | Exposure before value adjustments and hedging |
|---|---|---|
| Protection for CDOs (U.S. housing market) with subprime underlying assets | 1,393 | **757** |
| Protection for CDOs with non-subprime underlying assets | 149 | **21** |
| Protection for CLOs | 5,683 | **210** |
| Protection for RMBS | 927 | **164** |
| Protection for CMBS | 3,987 | **800** |
| Other risks | 6,220 | **1,240** |
| | **Total :** | **3,190** |

Of which:
- Project financing underlying: 25%
- Corporate underlying (CDO Bespoke): 26%
- TruPs CDO: 12%
- Diversified ABS: 22%

## From CDPC

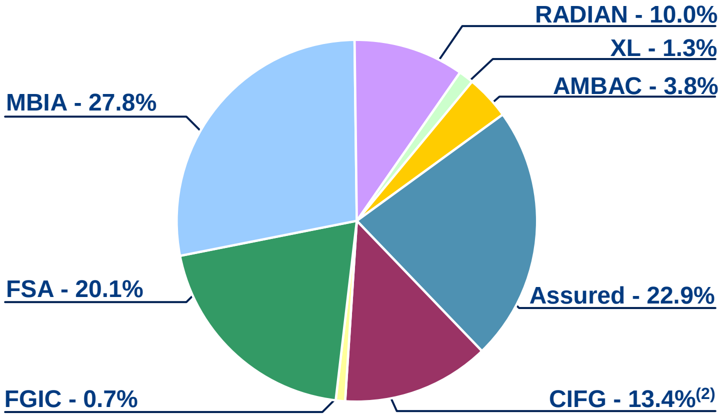
- Exposure before value adjustments: €2.6bn (gross notional amount of €9.7bn) brought down to €2.1bn at end of January 2009
- Value adjustments: €271m of which €144m in Q4-08

# Monolines (1/2)

## Residual exposure to counterparty risk for monoline insurers

| *€m* | 30/09/08 | 31/12/08 Total | 31/12/08 Excl. CIFG commuted deals |
|---|---|---|---|
| Exposure before value adjustments | **2,779** | **3,190** | **2,825** |
| Value adjustments | **-1,414** | **-1,528** | **-1,162** |
| Collective provisions | **-300** | **-300** | **-300** |
| Residual exposure to counterparty risk for monolines | **1,064** | **1,363** | **1,363** |
| *Discount rate* | *62%* | *57%* | *52%* |

## Breakdown of residual exposure by counterparty[1]




CIFG commuted positions

| *€m* | Notional | Value adjustment [3] |
|---|---|---|
| CDO including subprime underlying assets | 581 | -340 |
| CDO with non-subprime underlying assets | 149 | -21 |
| CMBS | 300 | -5 |
| TOTAL | 1,030 | -365 |

[3] Value deterioration of non-hedged underlyings

[1] Before considering the collective provision of €300 million, i.e. on residual exposure of €1,662m
[2] non-commuted part

# Monolines (2/2)

## Valuation and sensitivity methodology

### Fair market value of protection before value adjustments

- The economic exposure on ABS CDOs containing subprime was determined by using the method detailed in slide 43
- The economic exposure on other types of assets was determined by using either Mark-to-Market or Mark-to-Model

### Value adjustments

- There are three monoline groups differentiated according to their credit worthiness. As a consequence they get different probabilities of default (PD)

| | PD | Monoline |
|---|---|---|
| Group 1 | 15% | FSA, Assured guaranty |
| Group 2 | 50% | CIFG, MBIA, AMBAC, RADIAN |
| Group 3 | 100% | FGIC, XL |

- Regardless of the group, Recovery in case of default (R) is fixed at 10%
- The specific provision is defined as the Mark-to-Market (or Mark-to-Model) amount multiplied by the expected loss (Expected loss = PD x (1-R) in each monoline

### Sensitivity of value adjustments on exposure to monoline:

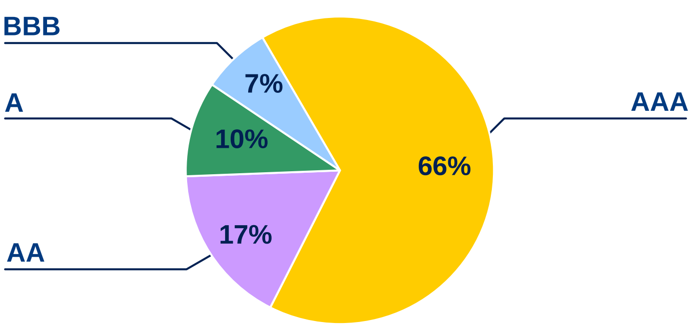
- A 10% change in the probability of default of monoline insurers (i.e. PD = 16.5% for group 1 and 55% for group 2) and a 10% change in loss rates used to value CDOs with subprime underlying assets would entail an additional value adjustment of -€96 million

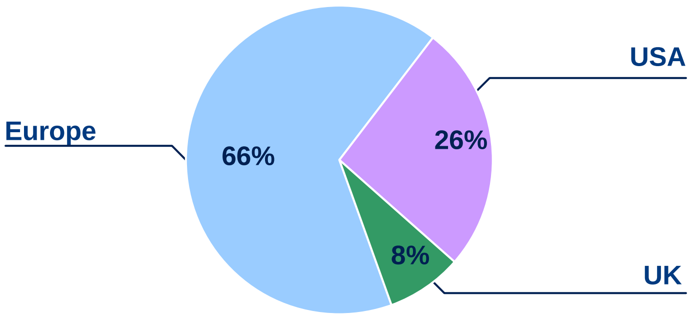
# CMBS

## CMBS(1)

| | Net exposure at 30/09/08 | Transfer IAS 39 | Losses in value and/or writedowns Q4-08 | Other changes Q4-08 | Net exposure at 31/12/08 | Gross exposure at 31/12/08 |
|---|---|---|---|---|---|---|
| Trading portfolio | 770 | -9 | -55 | -20 | 687 | 796 |
| Fair value option portfolio | 52 | | -5 | -3 | 44 | 54 |
| AFS portfolio | 377 | -150 | -16 | -11 | 199 | 258 |
| Loans & receivables portfolio | - | 159 | - | -2 | 157 | 157[3] |
| **TOTAL** | **1,199** | **-** | **-76** | **-36** | **1,087** | **1,265** |

## Breakdown(2)



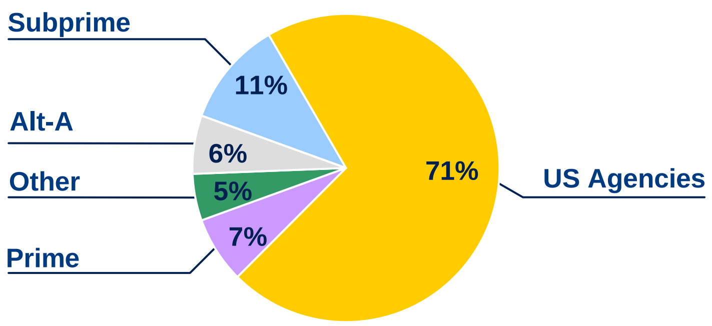



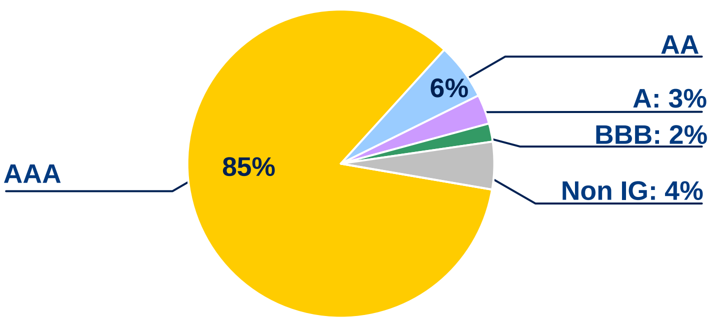

(1) not hedged
(2) on net exposure at Dec. 31, 2008
(3) Gross exposures are registered at accounting entry value as at October 1st, 2008 (FV at September 30, 2008) for restated portfolios

# RMBS (1/2)

| RMBS US[1] | Net exposure as at 30/09/08 | Transfer IAS 39 | Losses in value and/or writedowns Q4-08 | Other changes Q4-08 | Net exposure as at 31/12/08 | Gross exposure as at 31/12/08 |
|---|---|---|---|---|---|---|
| Trading portfolio | 1,064 | -1,137 | - | 173 | 100 | 103 |
| Loans & receivables portfolio | 32 | 1,725 | -15 | -234 | 1,508 | 1,523[3] |
| Fair market value option portfolio | 6 | | - | -1 | 5 | 5 |
| AFS portfolio | 670 | -588 | 6 | -28 | 59 | 68 |
| **SUB-TOTAL** | **1,772** | **-** | **-9** | **-91** | **1,672** | **1,699** |
| Us Agencies (trading) | 4,288 | -4,122 | - | -166 | - | - |
| Us Agencies (loans & receivable) | - | 4,122 | - | -112 | 4,011 | 4,011 |
| **TOTAL** | **6,060** | **-** | **-** | **-369** | **5,682** | **5,710** |

## Breakdown of RMBS[2]




[1] not hedged
[2] on net exposure at Dec. 31, 2008
[3] Gross exposures are registered at accounting entry value as at October 1st, 2008 (FV at September 30, 2008) for restated portfolios

# RMBS (2/2)

NATIXIS

## RMBS UK[1]

| | Net exposure as at 30/09/08 | Transfer IAS 39 | Losses in value and/or writedowns Q4-08 | Other changes Q4-08 | Net exposure at 31/12/08 | Gross exposure at 31/12/08 | AAA | AA | A | BBB | Non IG |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Trading portfolio | 358 | -367 | 3 | 48 | 41 | 61 | - | 53% | 8% | 40% | - |
| Fair market value option portfolio | 13 | - | - | 14 | 28 | 28 | 100% | - | - | - | - |
| AFS portfolio | 225 | -283 | 7 | 194 | 143 | 184 | 20% | 1% | 2% | 2% | 27% |
| L&R portfolio | 3 | 650 | - | -65 | 588 | 588[3] | 88% | 7% | 5% | - | - |
| **TOTAL** | **599** | **-** | **9** | **191 [2]** | **799** | **861** | **72%** | **8%** | **4%** | **3%** | **5%** |

## RMBS Spain[1]

| | Net exposure as at 30/09/08 | Transfer IAS 39 | Losses in value and/or writedowns Q4-08 | Other changes Q4-08 | Net exposure at 31/12/08 | Gross exposure at 31/12/08 | AAA | AA | A | BBB | Non IG |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Trading portfolio | 315 | -344 | -20 | 78 | 29 | 63 | - | - | 60% | 12% | 28% |
| Fair market value option portfolio | - | - | - | - | - | - | - | - | - | - | - |
| L&R portfolio | - | 670 | - | -19 | 650 | 650[3] | 89% | 11% | - | - | - |
| AFS portfolio | 180 | -325 | -3 | 166 | 18 | 28 | - | - | - | 21% | - |
| **TOTAL** | **495** | **-** | **-23** | **225 [2]** | **696** | **741** | **83%** | **10%** | **2%** | **1%** | **1%** |

(1) not hedged
(2) Non-deferred portfolios at 30/09/08
(3) Gross exposures are registered at accounting entry value as at October 1st, 2008 (FV at September 30, 2008) for restated portfolios

# Securitization and conduits

- **Securitization for Natixis: €204m**
- **Conduits sponsored by Natixis:**

| €m | Elixir | Direct Funding | Versailles |
|---|---|---|---|
| **Country of issuance** | **France** | **France** | **Etats-Unis** |
| Amount of assets financed (€m) | 216 | 954 | 3,229 |
| Liquidity lines extended (€m) | 220 | - | 3,294 |
| **Breakdown by type of assets** | | | |
| Automobile loans | | | 23% |
| Business loans | 100% | 39% | 3% |
| Corporate loans | | | |
| Consumer credit | | 3% | 21% |
| Equipment loans | | 7% | 12% |
| RMBS U.S. | | | |
| RMBS non-U.S. | | 52% | |
| CLO | | | |
| CDO | | | 27% |
| Subscribed loans and student loans | | | 15% |
| **Age of assets (weighted average) - (in %)** | | | |
| 0-6 months | 14% | 7% | 3% |
| 6-12 months | | 14% | 73% |
| Over 12 months | 86% | 73% | 24% |
| **Breakdown of assets by geographic origin (in %)** | | | |
| United States | | | 100% |
| United Kingdom | | | |
| France | 83% | 27% | |
| Others | 17% | 73% | |
| **Breakdown of assets by external rating** | | | |
| AAA | | 42% | 66% |
| AA | | | 22% |
| A | | | 11% |
| BBB | | | |
| Non-investment grade | | | |
| Non-rated (implied investment grade) | 100% | 58% | |

- **Conduits co-sponsored by Natixis**
  - Outstandings financed: €2,833m
  - Liquidity line extended: €2,833m
- **Liquidity line extended to conduits sponsored by third parties: €1,416m**

# LBO financing (1/2)

## Exposure to leveraged operations

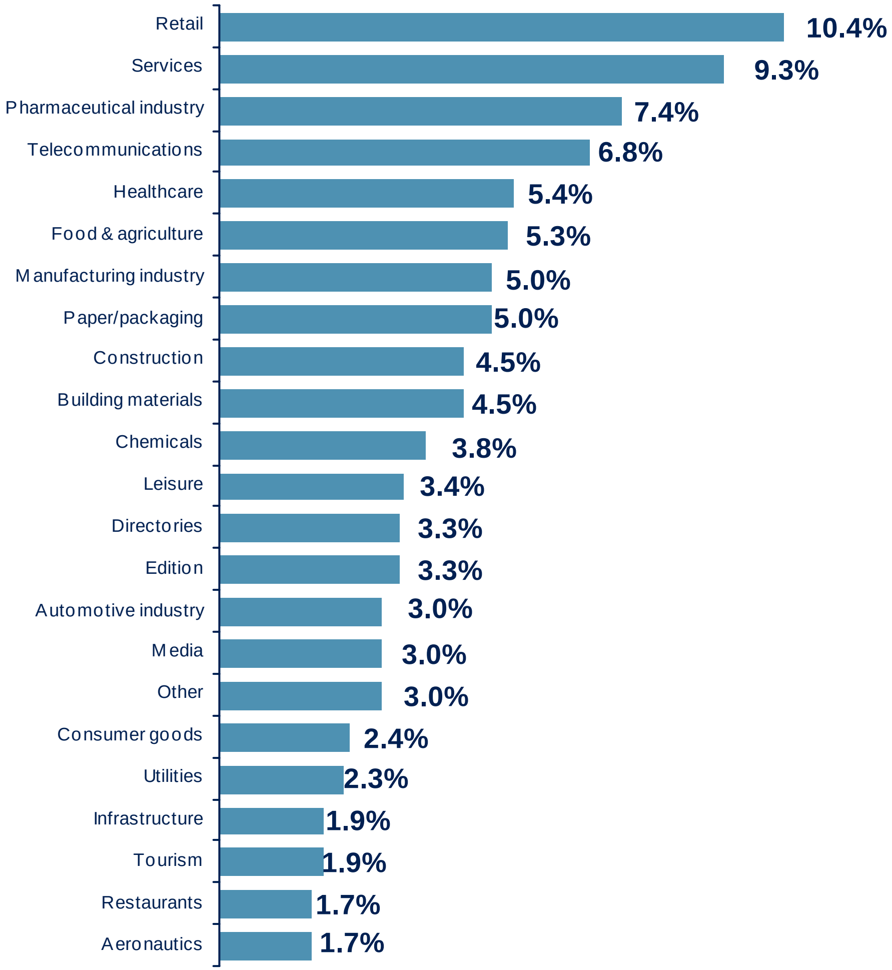
| *M EUR* | | Sept. 30, 2008 | Dec. 31, 2008 |
|---|---|---|---|
| **Final shares (loans & receivables)** | Number of transactions | 391 | 376 |
| | Commitments booked | 5,823 | 5,864 |
| **Shares to be sold (loans & receivables)** | Number of transactions | 71 | 64 |
| | Commitments booked | 527 | 366 |
| **SUB-TOTAL** | | **6,350** | **6,230** |
| **Shares to be sold (loans at fair value)** | Number of transactions | 12 | 6 |
| | Commitments booked | 50 | 8 |
| **TOTAL** | | **6,400** | **6,238** |

- **Average outstanding on final shares: €16m**
- **Senior shares: 97.5%**
- **Collective provision: €254m**

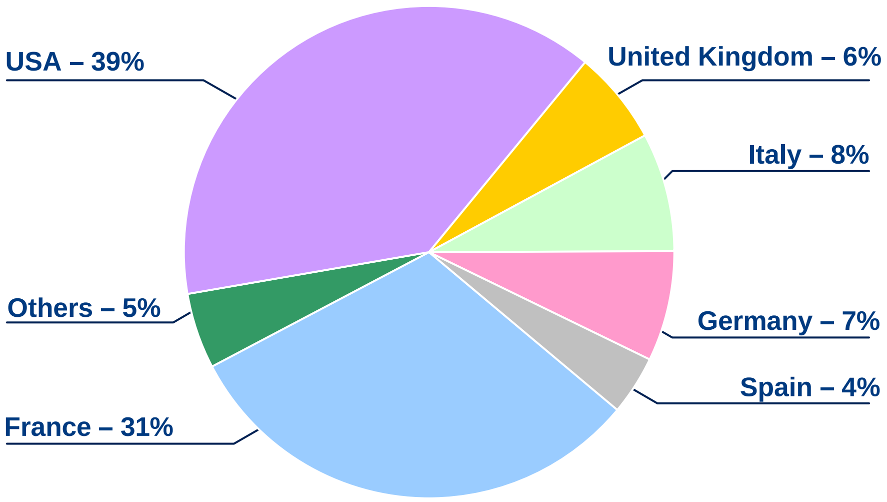
# LBO financing (2/2)

**December 31, 2008**

## Breakdown of final shares of leveraged operations by industry




## Breakdown of final shares of leveraged operations by geographic zone



# Contents

# Consolidated income statement

| €m | Q4-07 | Q1-08 | Q2-08 | Q3-08 | Q4-08 |
|---|---|---|---|---|---|
| **Net banking income** | **402** | **1,366** | **186** | **1,154** | **228** |
| NBI of business divisions | 506 | 1,430 | 282 | 1,230 | 288 |
| Expenses | -1,382 | -1,258 | -1,238 | -1,098 | -1,094 |
| **Gross operating income** | **-979** | **108** | **-1,052** | **56** | **-866** |
| Cost of risk | -231 | -93 | -281 | -454 | -988 |
| **Operating income** | **-1,210** | **15** | **-1,332** | **-399** | **-1,854** |
| Equity method | 144 | 107 | 193 | 116 | 68 |
| Gains or losses on other assets | -3 | 9 | 2 | -1 | -15 |
| Change in value of goodwill | 0 | 0 | 1 | -1 | -72 |
| **Income before taxes** | **-1,069** | **130** | **-1,136** | **-285** | **-1,872** |
| Income taxes | 458 | -5 | 209 | 87 | 323 |
| Minority interests | -28 | -20 | -36 | -23 | 6 |
| **Net underlying income, group share** | **-639** | **105** | **-964** | **-221** | **-1,543** |
| Income from discontinued operations | -287 | 0 | 0 | 0 | 0 |
| Net restructuring income | 56 | 0 | 70 | 0 | 0 |
| Net restructuring expenses | -30 | -37 | -123 | -13 | -74 |
| **Net income, group share** | **-900** | **69** | **-1,017** | **-234** | **-1,617** |
| Cost-income ratio | - | 92% | - | 95% | - |
| Average equity | 15,052 | 16,175 | 15,059 | 15,610 | 15,909 |
| End of period CAD/CRD assets (in € bn)[1] | 141 | 157 | 151 | 160 | 163 |
| Current ROE (after tax) | - | 2,6% | - | - | - |

[1] CAD assets (Basel I) until Q4-07 and CRD (Basel II) from Q1-08

# Impact of the crisis on revenues

## Breakdown by division

| €m | Q1-07 | Q2-07 | Q3-07 | Q4-07 | Q1-08 | Q2-08 | Q3-08 | Q4-08 | 2008 |
|---|---|---|---|---|---|---|---|---|---|
| **Corporate and Investment Banking** | **-17** | **-18** | **-216** | **-1,348** | **-408** | **-1,507** | **-342** | **-1,283** | **-3,540** |
| RMBS / ABS CDOs | -17 | -18 | -85 | -829 | -116 | -606 | -246 | -234 | -1,202[1] |
| Value adjustments on monoline and CDPC | | | - | -271 | -164 | -789 | -263 | -70 | -1,286[2] |
| Spread gap | | | -85 | -190 | -127 | -105 | +30 | -291[3] | -493 |
| Syndication writedowns | | | - | -43 | -24 | -15 | +8 | -11 | -42 |
| Complex derivatives (equity and interest rate) | | | -68 | -27 | -126 | - | -56 | -1,017[4] | -1,199 |
| Revaluation of issuer spread | | | 22 | 12 | +149 | +8 | +186 | +250 | +593 |
| Other | | | - | - | - | - | - | +90 | +90 |
| **Asset Management** | | | **-28** | **-18** | **-31** | **-2** | **-7** | **+7** | **-33** |
| Seed money & dynamic monetary funds | | | -28 | -18 | -31 | -2 | -7 | +7 | -33 |
| **TOTAL** | **-17** | **-18** | **-244** | **-1 366** | **-439** | **-1,509** | **-349** | **-1,276** | **-3,573** |

(1) of which -€59m for commuted subprime ABS CDOs in Q4-08 – excluding the related stock of value adjustment over nine months for €305m

(2) including subprime ABS CDOs commuted related stock of value adjustment over nine months for €305m

(3) of which CPM (+€360m) et trading de correlation (-€412m)

(4) of which -€712m for segregated portfolio (rate and equity complex derivatives)

# Impact of the crisis on cost of risk
## Breakdown by division

| €m | Q1-07 | Q2-07 | Q3-07 | Q4-07 | Q1-08 | Q2-08 | Q3-08 | Q4-08 | 2008 |
|---|---|---|---|---|---|---|---|---|---|
| **Corporate and Investment Banking** | - | - | - | **-175** | **-12** | **-172** | **-182** | **-911** | **-1,277** |
| Collective provision on monoline risks | - | - | - | -138 | | -162 | - | - | -162 |
| Collective provision on CDPC risks | - | - | - | -37 | -12 | -10 | - | -122 | -144 |
| Lehman Brothers | - | - | - | - | - | - | -143 | -43 | -186 |
| Icelandic banks | - | - | - | - | - | - | -39 | -54 | -94 |
| File CS | - | - | - | - | - | - | - | -317 | -317 |
| Madoff fraud | - | - | - | - | - | - | - | -375 | -375 |
| **Asset Management** | - | - | - | - | - | - | **-37** | **-19** | **-56** |
| Dynamic monetary funds | - | - | - | - | - | - | - | -17 | -17 |
| Lehman Brothers | - | - | - | - | - | - | -37 | -2 | -39 |
| **Private Equity and Private Banking** | - | - | - | - | - | - | **-8** | - | **-8** |
| Lehman Brothers | - | - | - | - | - | - | -8 | - | -8 |
| **Receivables Management** | - | - | - | - | - | - | **-4** | - | **-4** |
| Lehman Brothers | - | - | - | - | - | - | -4 | - | -4 |
| **Corporate Centre** | - | - | - | - | - | **-63** | **-56** | **-72** | **-191** |
| CIFG – treasury line | - | - | - | - | - | -63 | - | -72 | -135 |
| Lehman Brothers | - | - | - | - | - | - | -56 | - | -56 |
| **TOTAL** | | | | **-175** | **-12** | **-235** | **-287** | **-1,002** | **-1,536** |

# Impact of the crisis on revenues
## GAPC breakdown / “New” CIB

| M EUR | Q1-08 | Q2-08 | Q3-08 | Q4-08 | 2008 |
|---|---|---|---|---|---|
| **Workout Portfolio Management** | **-511** | **-1 492** | **-346** | **-1,417** | **-3,766** |
| RMBS / ABS CDOs with subprime underlying | -116 | -606 | -246 | -234 [1] | -1,202 |
| Spread widening | | | | | |
| Other CDO | | | | | |
| CMBS | -254 | -105 | -23 | -651 | -1,033 |
| Miscellaneous * | | | | | |
| Value adjustment on monoline | -164 | -789 | -263 | -53 | -1,269 |
| Value adjustment on CDPC | - | - | - | -17 | -17 |
| Complex derivatives (equity and interest rate) | -126 | - | - | -712[2] | -838 |
| Revaluation of issuer spread | +149 | +8 | +186 | +250 | +593 |
| **“New” CIB** | **103** | **-15** | **5** | **+134** | **227** |
| Syndication writedowns | -24 | -15 | +8 | -11 | -42 |
| Equity derivatives | - | - | -56 | -305 | -361 |
| CPM | 127 | - | 53 | +360 | +540 |
| Other | - | - | - | +90 | +90 |
| **TOTAL** | **-408** | **-1,507** | **-342** | **-1,283** | **-3,540** |

* Correlation trading
[1] including €59m for commuted subprime ABS of CDOs
[2] Complex equity and rate derivates

# Impact of the crisis on cost of risk
## GAPC breakdown / "New" CIB

| €m | Q1-08 | Q2-08 | Q3-08 | Q4-08 | 2008 |
|---|---|---|---|---|---|
| **WORKOUT PORTFOLIO MANAGEMENT** | **-12** | **-172** | **-15** | **-511** | **-710** |
| Collective provision on monoline risks | - | -162 | - | - | -162 |
| Collective provision on CDPC risks | -12 | -10 | - | -122 | -144 |
| Lehman Brothers | | | -15 | -14 | -29 |
| Madoff fraud | - | - | - | -375 | -375 |
| **"New" CIB** | - | - | **-167** | **-400** | **-567** |
| File CS | - | - | - | -317 | -317 |
| Lehman Brothers | - | - | -128 | -29 | -157 |
| Icelandic banks | - | - | -39 | -54 | -94 |
| **TOTAL** | **-12** | **-172** | **-182** | **-911** | **-1,277** |

# Number of employees (comparable basis)

| *Permanent/Term contract FTEs* | Change on a constant-structure basis | | | | Actual 31/12/08 |
|---|---|---|---|---|---|
| | Q1-08 | Q2-08 | Q3-08 | Q4-08 | |
| **CIB** | +61 | -61 | -3 | -191 | 5,466 |
| **Asset Management** | +83 | +32 | -29 | -29 | 2,857 |
| **Services** | +34 | +30 | +29 | +41 | 5,343 |
| **Receivables Management** | +89 | +36 | +26 | +6 | 5,526 |
| **PEPB** | +21 | -23 | +1 | 0 | 687 |
| **Corporate Center** | -17 | -22 | -32 | -59 | 2,217 |
| **Total** | +271 | -8 | -8 | -233 | 22,096 |

# Consolidated income statement

NATIXIS

## Contribution of divisions to Q4-08 consolidated net income

| €m | Group | CIB pérenne | GAPC | Asset Management | PEPB | Services | Receivables Management | Corporate Center |
|---|---|---|---|---|---|---|---|---|
| **Net banking income** | **228** | **879** | **-1,335** | **330** | **-52** | **350** | **116** | **-60** |
| Expenses | -1,094 | -370 | -44 | -233 | -43 | -239 | -180 | 15 |
| **Gross operating income** | **-866** | **508** | **-1,378** | **97** | **-94** | **112** | **-64** | **-46** |
| Cost of risk | -988 | -270 | -612 | -20 | -1 | -7 | -4 | -74 |
| Income before taxes | -1,872 | 222 | -1,990 | 67 | -94 | 104 | -52 | -152 |
| **Net underlying income, group share** | **-1,543** | **153** | **-1,613** | **49** | **-68** | **71** | **-29** | **-127** |

# Income statement of divisions: quarterly data (1/7)

## Asset Management

| €m | Q4-07 | Q1-08 | Q2-08 | Q3-08 | Q4-08 |
|---|---|---|---|---|---|
| **Net banking income** | **469** | **317** | **371** | **340** | **330** |
| Expenses | -372 | -240 | -261 | -232 | -233 |
| **Gross operating income** | **97** | **77** | **110** | **108** | **97** |
| Cost of risk | -3 | -1 | 4 | -38 | -20 |
| Income before taxes | 97 | 78 | 117 | 73 | 67 |
| **Net underlying income, group share** | **49** | **49** | **67** | **44** | **49** |
| Cost-income ratio | 79% | 76% | 70% | 68% | 71% |
| Allocated capital | 231 | 222 | 215 | 204 | 215 |
| Annualized ROE (after taxes) | 85.1% | 88.1% | 124.6% | 85.6% | 90.8% |

# Income statement of divisions: quarterly data (2/7)

## Services

| €m | Q4-07 | Q1-08 | Q2-08 | Q3-08 | Q4-08 |
|---|---|---|---|---|---|
| **Net banking income** | **370** | **383** | **405** | **339** | **350** |
| *Insurance and sureties* | *96* | *92* | *108* | *77* | *72* |
| *Specialized financing* | *52* | *48* | *54* | *55* | *50* |
| *Employee benefit planning* | *25* | *24* | *30* | *19* | *27* |
| *Payments* | *48* | *43* | *39* | *41* | *45* |
| *Securities* | *139* | *167* | *165* | *139* | *144* |
| *International services* | *9* | *8* | *10* | *10* | *11* |
| Expenses | -254 | -243 | -247 | -227 | -239 |
| **Gross operating income** | **116** | **139** | **158** | **113** | **112** |
| Cost of risk | -4 | -1 | -5 | -7 | -7 |
| Income before taxes | 112 | 149 | 155 | 108 | 104 |
| **Net underlying income, group share** | **79** | **102** | **99** | **70** | **71** |
| Cost-income ratio | 69% | 64% | 61% | 67% | 68% |
| Allocated capital | 1,836 | 1,959 | 1,946 | 2,012 | 1,996 |
| Annualized ROE (after taxes) | 17.3% | 20.8% | 20.4% | 13.8% | 14.2% |

# Income statement of divisions: quarterly data (3/7)

## Receivables Management

| €m | Q4-07 | Q1-08 | Q2-08 | Q3-08 | Q4-08 |
|---|---|---|---|---|---|
| **Net banking income** | **248** | **244** | **229** | **211** | **116** |
| *Credit insurance* | *125* | *127* | *111* | *89* | *-12* |
| *Factoring* | *61* | *55* | *59* | *69* | *64* |
| *Information and credit management* | *45* | *46* | *40* | *37* | *49* |
| *Public-sector procedures* | *17* | *16* | *19* | *16* | *16* |
| Expenses | -182 | -176 | -170 | -169 | -180 |
| **Gross operating income** | **66** | **68** | **59** | **42** | **-64** |
| Cost of risk | -4 | -4 | -4 | -16 | -4 |
| Income before taxes | 69 | 66 | 58 | 30 | -52 |
| **Net underlying income, group share** | **64** | **45** | **40** | **15** | **-29** |
| Cost-income ratio | 73% | 72% | 74% | 80% | 156% |
| Allocated capital | 1,175 | 1,180 | 1,225 | 1,234 | 1,263 |
| Annualized ROE (after taxes) | 21.7% | 15.1% | 13.2% | 4.7% | - |

# Income statement of divisions: quarterly data (4/7)

NATIXIS

## Private Equity and Private Banking

| €m | Q4-07 | Q1-08 | Q2-08 | Q3-08 | Q4-08 |
|---|---|---|---|---|---|
| **Net banking income** | **111** | **90** | **94** | **59** | **-52** |
| *Private Equity* | *77* | *62* | *63* | *33* | *-78* |
| *Private Banking* | *34* | *28* | *31* | *25* | *26* |
| Expenses | -48 | -43 | -43 | -41 | -43 |
| **Gross operating income** | **63** | **46** | **52** | **18** | **-94** |
| Cost of risk | 1 | 0 | -1 | -11 | -1 |
| Income before taxes | 65 | 46 | 51 | 6 | -94 |
| **Net underlying income, group share** | **43** | **33** | **28** | **-3** | **-68** |
| Cost-income ratio | 43% | 48% | 45% | 70% | - |
| Allocated capital | 349 | 316 | 384 | 357 | 404 |
| Annualized ROE (after taxes) | 49.6% | 41.5% | 29.3% | - | - |

## Private Equity: assets under management

| €m | Dec. 31, 2007 | March 31, 2008 | June 30, 2008 | Sept. 30, 2008 | Dec. 31, 2008 |
|---|---|---|---|---|---|
| **Own funds** | | | | | |
| Investments | 68 | 99 | 161 | 159 | 19 |
| Transfer at sales price | 88 | 38 | 200 | 160 | 26 |
| Assets under management | 1,704 | 1,701 | 1,964 | 1,966 | 1,942 |
| **Third-party funds** | | | | | |
| Investments | 97 | 86 | 70 | 97 | 87 |
| Transfer at sales price | 75 | 28 | 48 | 67 | 35 |
| Assets under management | 1,933 | 1,933 | 2,124 | 2,124 | 2,099 |

# Income statement of divisions: quarterly data (5/7)

## « New » Corporate and Investment Banking

| €m | Q1-08 | Q2-08 | Q3-08 | Q4-08 |
|---|---|---|---|---|
| **NBI** | **686** | **731** | **562** | **879** |
| *Coverage* | *125* | *131* | *122* | *142* |
| *Debt and financing* | *210* | *214* | *277* | *275* |
| *Capital markets* | *228* | *434* | *141* | *215* |
| *Other* | *123* | *-49* | *21* | *247* |
| Expenses | -485 | -475 | -327 | -370 |
| **Gross operating income** | **201** | **256** | **235** | **508** |
| Cost of risk | -75 | -43 | -265 | -270 |
| Income before taxes | 126 | 213 | -31 | 222 |
| **Net underlying income, group share** | **86** | **143** | **-12** | **153** |

# Income statement of divisions: quarterly data (6/7)

## Workout Portfolio Management

| €m | Q1-08 | Q2-08 | Q3-08 | Q4-08 |
|---|---|---|---|---|
| **Net banking income** | **-289** | **-1 548** | **-280** | **-1 335** |
| Expenses[(1)] | -44 | -44 | -44 | -44 |
| **Gross operating income** | **-333** | **-1 592** | **-324** | **-1 378** |
| Cost of risk | -13 | -160 | -62 | -612 |
| Income before taxes | -346 | -1 752 | -386 | -1 990 |
| **Net underlying income, group share[(2)]** | **-254** | **-1 418** | **-324** | **-1 613** |

(1) 2008 operating expenses broken down evenly by quarter

(2) 2008 taxes: difference between the taxes of CIB in its former scope and the normative taxes for the CIB pérenne

# Income statement of divisions: quarterly data (7/7)

NATIXIS

## Retail banking (economic contribution)

| €m | Q4-07 | Q1-08 | Q2-08 | Q3-08 | Q4-08 |
|---|---|---|---|---|---|
| **Equity method accounting (20%)** | **170** | **87** | **156** | **86** | **60** |
| Accretion profit | 24 | 26 | 32 | 27 | 19 |
| Reevaluation surpluses | -63 | -14 | -5 | -4 | -20 |
| **Contribution equity method accounting** | **131** | **99** | **183** | **109** | **58** |
| *o/w Banques Populaires* | *48* | *34* | *100* | *49* | *20* |
| *o/w Caisses d'Epargne* | *83* | *65* | *83* | *59* | *38* |
| Taxes on CCIs | -17 | -16 | -21 | -16 | -15 |
| Restatement | -24 | -23 | -27 | -24 | -23 |
| **Contribution to Natixis net income** | **89** | **61** | **135** | **69** | **20** |

## Corporate Centre

| €m | Q4-07 | Q1-08 | Q2-08 | Q3-08 | Q4-08 |
|---|---|---|---|---|---|
| **Net banking income** | **-103** | **-64** | **-96** | **-76** | **-60** |
| Expenses | -34 | -27 | 1 | -59 | 15 |
| **Gross operating income** | **-138** | **-91** | **-95** | **-135** | **-46** |
| Cost of risk | -2 | 1 | -70 | -56 | -74 |
| Income before taxes | -104 | -54 | -119 | -158 | -152 |
| **Net underlying income, group share** | **-90** | **-16** | **-58** | **-79** | **-127** |

# Quarterly data (Balance sheet)

NATIXIS

## Doubtful loans: quarterly series

| € | Dec. 31, 2007 | March 31, 2008 | June 30, 2008 | Sept. 30, 2008 | Dec. 31, 2008 |
|---|---|---|---|---|---|
| Doubtful loans | €1.15bn | €1.14bn | €1.31bn | €1.54bn | €2.05bn |
| Share of doubtful loans[1] | 1.3% | 1.3% | 1.4% | 1.5% | 1.9% |
| Individual risk[1] | €703m | €685m | €802m | €917m | €1,404m |
| Collective provision[1] | €793m | €797m | €947m | €1,014m | €921m |
| Coverage rate excl. collective provisions[1] | 61% | 60% | 61% | 60% | 69% |

(1) Excluding credit institutions

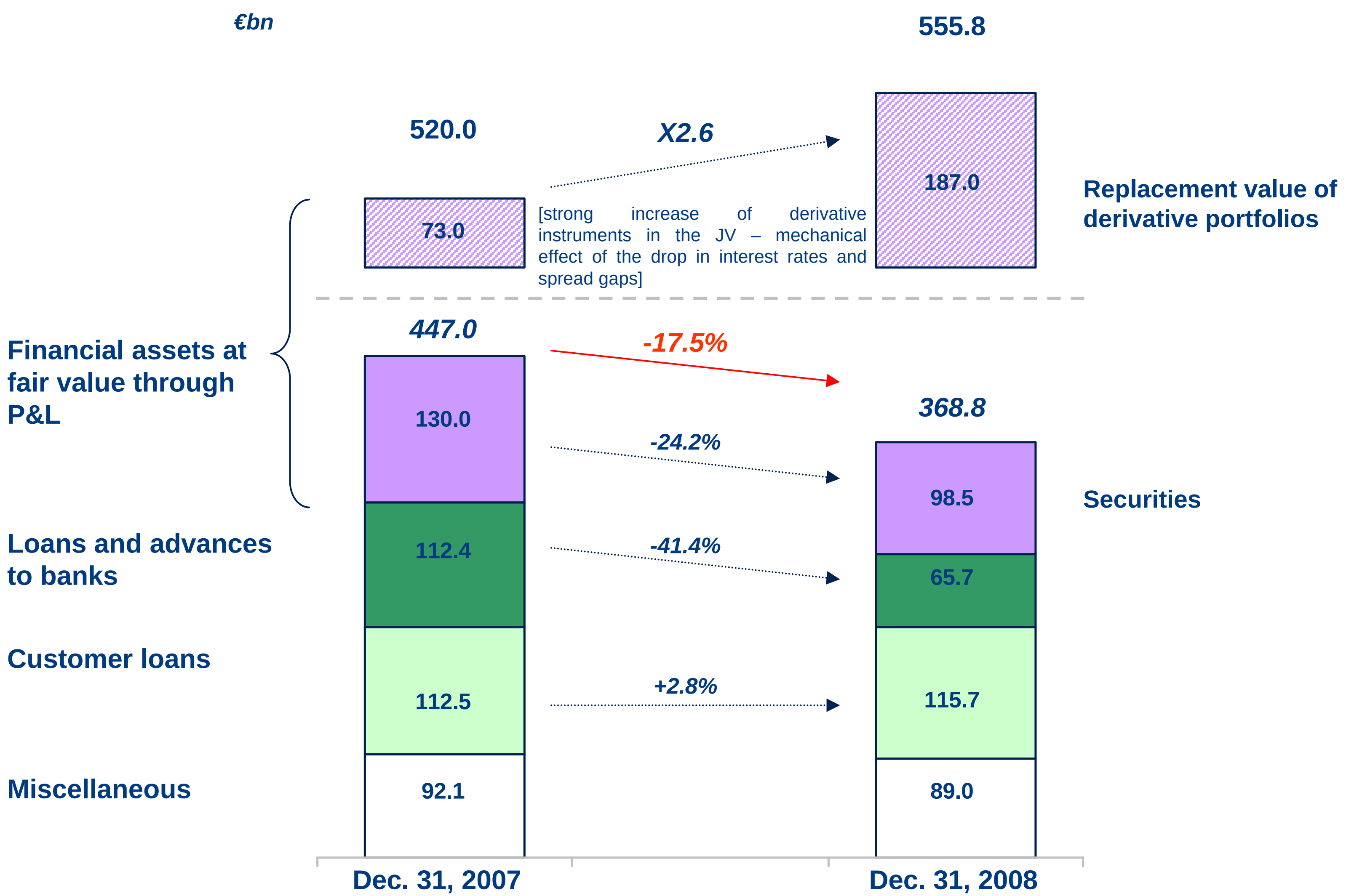
## Capital structure: quarterly series

| €bn | Dec. 31, 2007 | March 31, 2008 | June 30, 2008 | Sept. 30, 2008 | Dec. 31, 2008 |
|---|---|---|---|---|---|
| Tier one ratio | 8.3% | 8.0% | 8.5% | 8.6% | 8.2% |
| Capital adequacy ratio | 10.2% | 10.4% | 11.0% | 10.8% | 10.2% |
| Tier one equity | 11.7 | 12.6 | 12.9 | 13.8 | 13.4 |
| Equity, group share | 16.9 | 16.3 | 15.1 | 18.5 | 15.6 |
| End of period weighted risks | 141.3 | 156.9 | 150.8 | 159.8 | 163.1 |
| Total assets | 520 | 550 | 528 | 529 | 556 |
| | Basel I standards[1] | Basel II standards | | | |

(1) anticipated deduction of 50% of CCIs

# Contents

# Balance sheet evolution (main items in assets)



# IAS 39 transfers (1/2)

## Method - Details

- **Restated assets:**
  - Consist of non-hedged assets
  - Concern mainly risk exposures (US and European RMBS, CLO)
  - Are included in the workout portfolio management sector (GAPC - Gestion Active des Portefeuilles Cantonnés)

- **Date of transfer: October 1, 2008**

- **Accounting process**
  - Restated at fair value on October 1, 2008

- **Restated assets are all transferred to the loans and receivables portfolio**
  - Assets held for trading → Loans and receivables
  - Assets held for sale (AFS) → Loans and receivables

# IAS 39 Transfer (2/2)

NATIXIS

## Reclassified portfolios and impact of the new valuations

- **Financial assets at fair value through profit and loss (trading) → Loans and Receivables**

| Fair value transferred to L&R | Markdowns before transfer | Markdowns after transfer |
|---|---|---|
| 8,813 | -95 | -12 |

- **Financial assets available for sale (AFS) → Loans and Receivables**

| Fair value transferred to L&R | Markdowns before transfer | Markdowns after transfer |
|---|---|---|
| 2,764 | -285 | -58 |

- **Total**

| Fair value transferred to L&R | Markdowns before transfer | Markdowns after transfer |
|---|---|---|
| 11,577 | -380 | -70 |

**Equity and income impact related to transfers:**

**+ €310m**

# Madoff exposure

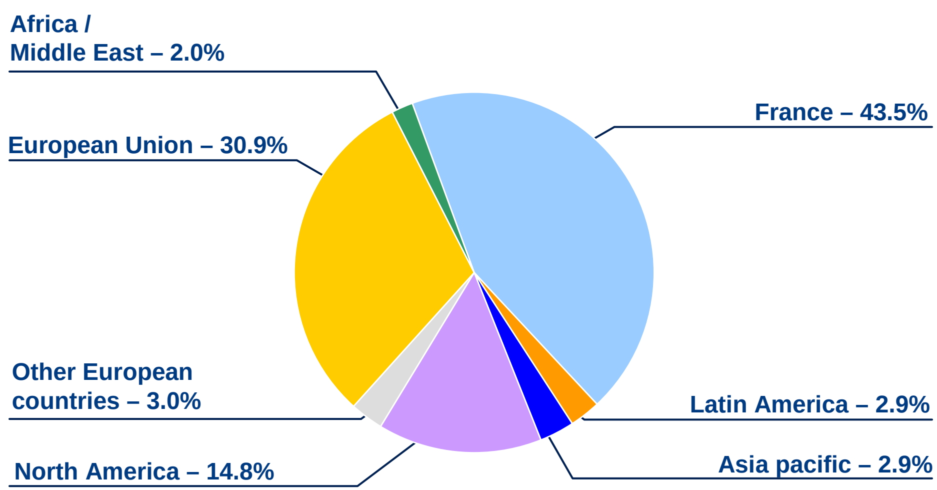
- **Description:**
  - **No investment for own account in the hedge funds managed by Bernard Madoff Investment Securities LLC ( BMIS)**
  - **Exposure via six feeder funds on which Natixis structured leveraged deals on behalf of clients (= commitments collateralized via hedge fund units)**
  - **Natixis or its subsidiaries hold on the balance sheet units in these 6 funds, with a net exposure after insurance of €473m.**
  - **In most cases, custody of these fund units was entrusted to first-class custodians who in turn entrusted it to BMIS**

- **Possible recourses:**
  - **Stephenson Harwood, a London based law firm, has been mandated and is preparing the claims that Natixis intends to file, such as:**
    - **Against certain managers for gross negligence in the supervision of the investments and custodians.**
    - **Against certain custodians who entrusted the custody of funds to BMIS without performing all required due diligence.**

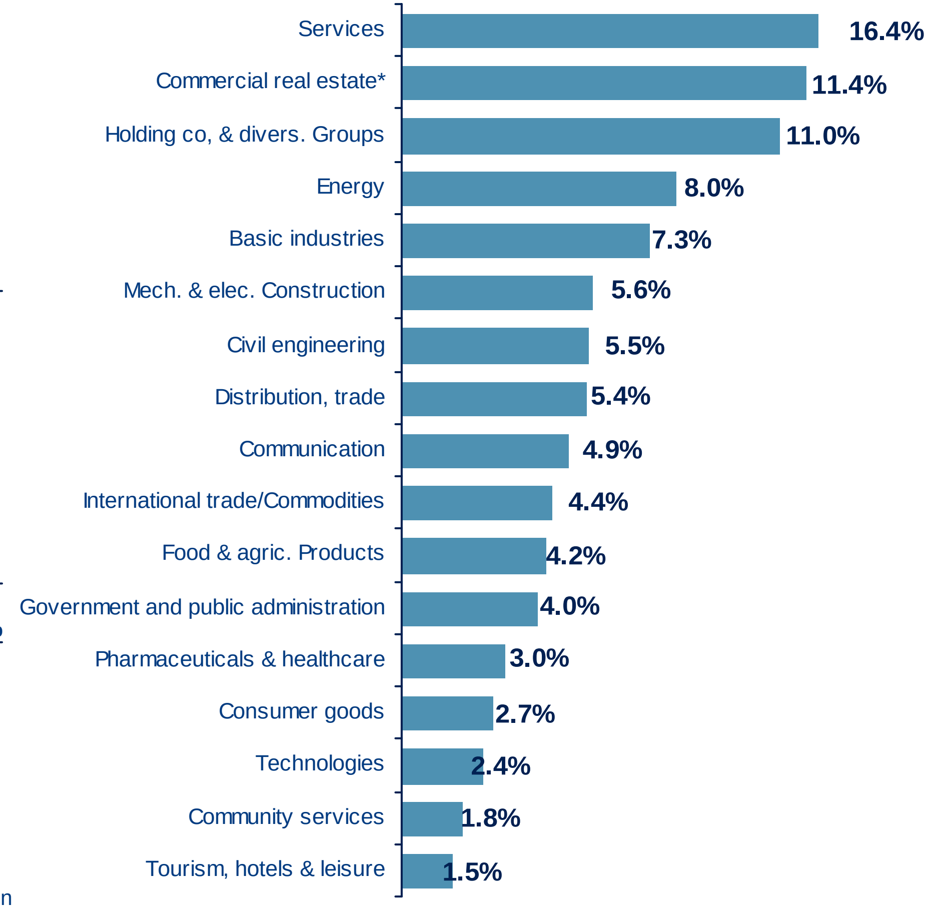
**↳ A provision of €375m for the Madoff exposure in the 31/12/2008 accounts takes into account these possible recourses.**

# EAD at 31/12/2008

## Geographic breakdown[1]




## Sector breakdown[2]




(1) Outstandings loans (on- and off-balance sheet) as at 31/12/08: €244bn
(2) Outstandings loans (on- and off-balance sheet) excl. finance and insurance as et 31/12/08: €104bn

Note: starting on December 31, 2008, credit outstandings are determined according to Pillar Basel II recommendations (excluding trading portfolios) .

*Commercial real estate: 3,200 counterparts – average amount of €3.7m including real estate leasing

# Methodology and definitions (1/2)

## Details on methodology

- **All the quarterly data in this document were restated for:**

- **The creation of a Workout Portfolio Management Structure (GAPC) to manage on a run off basis CIB's non-targeted activities, i.e. mostly structured credit, interest-rate and equity complex derivative products and structured derivative funds. Because the implementation of the GAPC reclassified activities were finalized in accounting and analytical management in end 2008, pro forma figures have been prepared to rebuild the income statement of this business on the one hand, and of the "New" CIB on the other for 2008 (year end and quarterly) and 2007 (year end only). The pro forma was prepared as follows:**

  - The NBI of GAPC represents the economic income of the books relating to the activities transferred to the structure (especially proprietary credit activities, ABS portfolios, equity and interest-rate arbitrage, complex equity and interest-rate derivatives), plus the issuer spread. The "New" CIB NBI is the result of the books not transferred to GAPC.

  - 2008 expenses correspond to direct expenses related to the teams dedicated to GAPC or the "New" CIB, plus indirect expenses broken down between GAPC and the "New" CIB, depending on activity inducers. The GAPC quarterly expenses for 2008 were obtained by breaking down the expenses for the year evenly over the four quarters. The "New" CIB quarterly expenses are the difference between CIB total expenses and GAPC expenses. Because 2007 expenses could not all be allocated to both structures following this method, expenses were broken down between GAPC and the "New" CIB following the structure observed in 2008,

  - The cost of risk is allocated in 2007 and 2008 according to the activity to which it relates, as an example: most of the portion attributed to GAPC in the fourth quarter related to monolines, CDPC and Madoff.

  - A normative tax rate of 30% is applied to income before taxes from CIB continuing activities, with the difference with total tax applied to the GAPC.

# Methodology and definitions (1/2)

NATIXIS

- **The reclassification of Leasing and International Services (Natixis Pramex International and Natixis Algerie) from the CIB division to the Services division (first application on 6/30/08)**
- **The adjustment of analytical conventions relating to returns on allocated capital and to the assignment of overheads (first application on 6/30/08)**
- **The allocation of normative capital according to Basel II rules (first application on 3/31/08)**
- **Rules for allocating capital:**
  - Retail Banking: 75% of amount deducted from Tier One capital in respect of ownership of CCIs (recognition of hybrid capital).
  - Insurance (Services): 75% of the end-of-quarter solvency margin requirement.
  - Credit Insurance (Receivables Management): 100% of net earned premium income
  - Services, Public Procedures (Receivables Management): 25% of annual expenses
  - Other business lines: 6% of Basel II risk-weighted assets at the start of the quarter and 75% of the amount deducted from Tier One capital in respect of shares in securitizations rated B or less
- **Definitions**
  - Group ROE: Net Income (Group Share) / Average Equity Capital
  - Business line ROE: Underlying net income /Average allocated capital
  - Core tier one: the core tier one ratio does not include hybrid equity included in tier one capital. Hybrid equity are deducted from the core tier one ratio prorata of non-hybrid equity.
  - Net exposure: exposure taking into account writedowns and/or value adjustments.