

# Goldman Sachs Conference

June 10, 2011



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# Agenda

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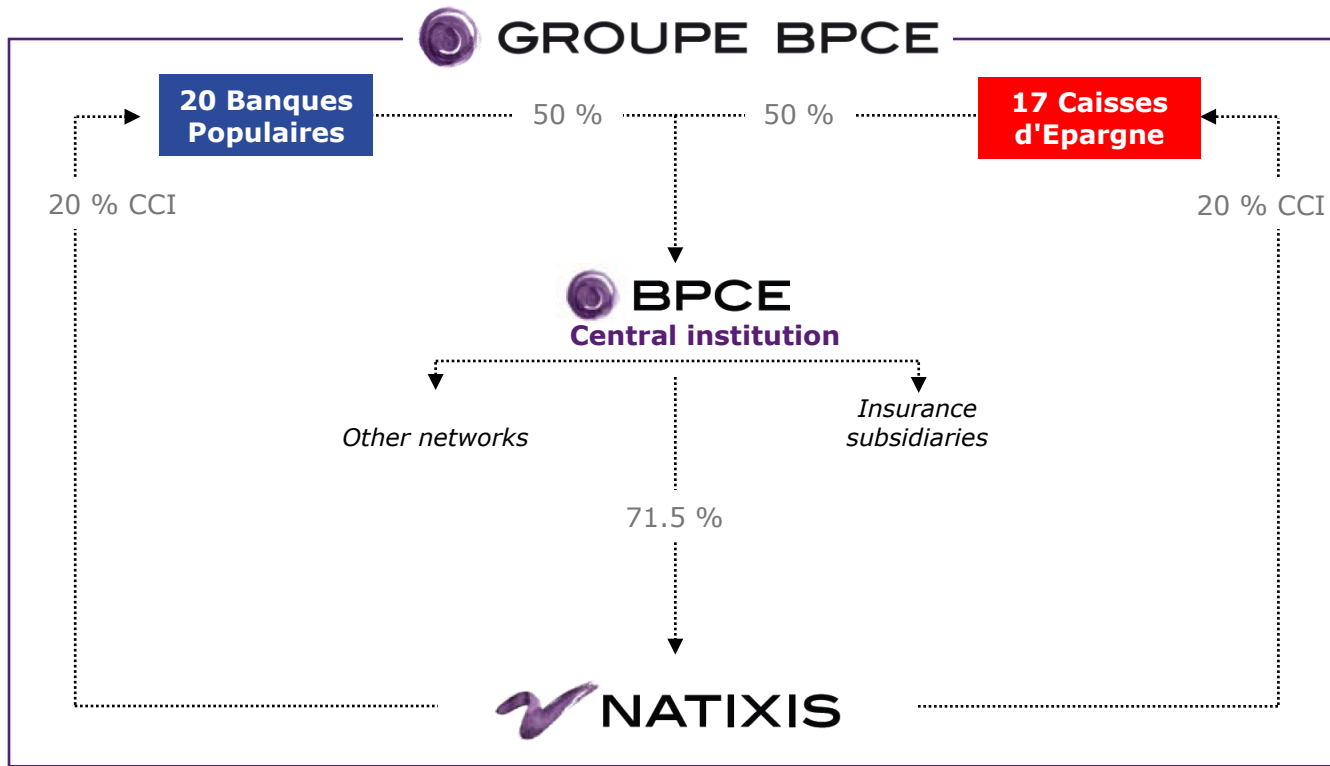
**1. Natixis structure**

**2. Turnaround in operating performance**

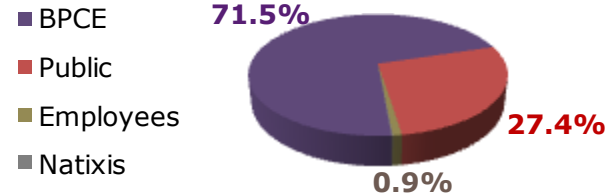
**3. Strong reduction in risk profile**

**4. New Deal implementation**

# Natixis : a bank integrated into Groupe BPCE



## Natixis' distribution of capital<sup>(1)</sup>:



# Focus on 3 core businesses...



**3 core businesses**

**Corporate & Investment Banking**

*Client-driven expertise*

- Structured Financing
- Capital Markets
- Commercial Banking

**Investment Solutions**

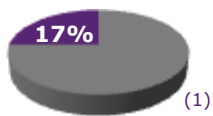
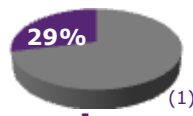
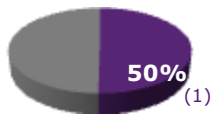
*Global ambitions*

- Asset Management
- Insurance
- Private Banking

**Specialized Financial Services**

*Driving development of retail banking networks*

- Specialized Financing
- Financial Services



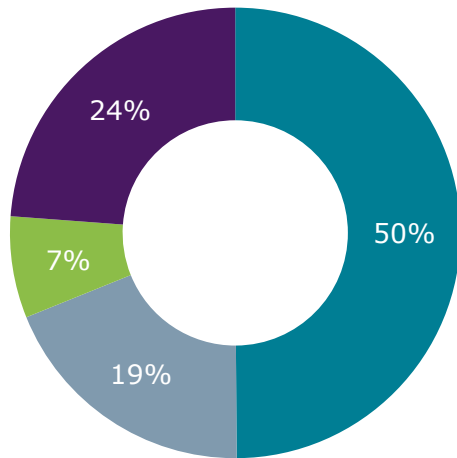
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**20% in retail banking networks**  
**Caisse d'Epargne and Banque Populaire**

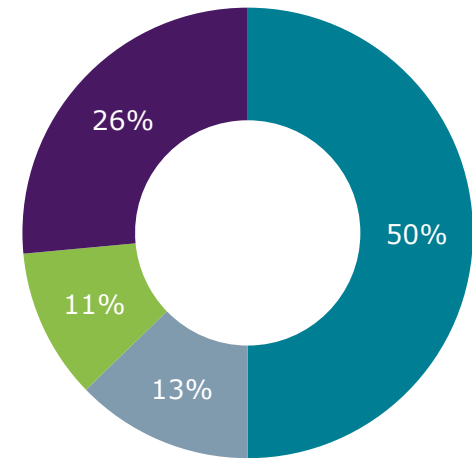
(1) Contribution to Natixis' net revenues in 1Q11, excl. GAPC and discontinued businesses

# Natixis: a diversified profile

Contribution to 1Q11 pre-tax profit<sup>(1)</sup>



Normative capital allocation 1Q11



- CIB
- Investment Solutions
- SFS
- Retail (via CCI)

<sup>(1)</sup> Based on income before tax of the core businesses and estimated contribution to Natixis' pre tax profit for the BPCE networks

# Agenda

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**1. Natixis structure**

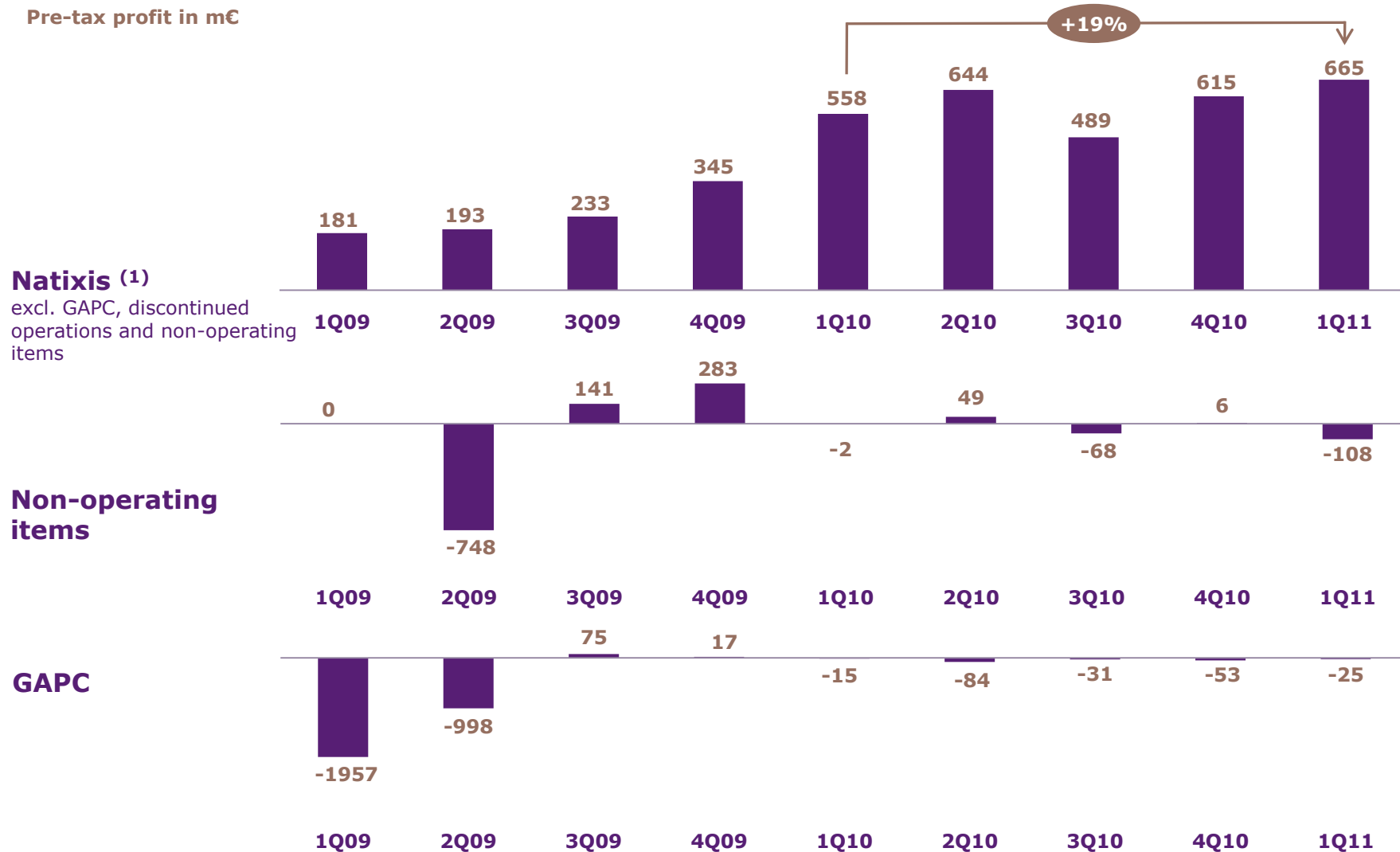
**2. Turnaround in operating performance**

**3. Strong reduction in risk profile**

**4. New Deal implementation**

# Turnaround in operating performance

Pre-tax profit in m€

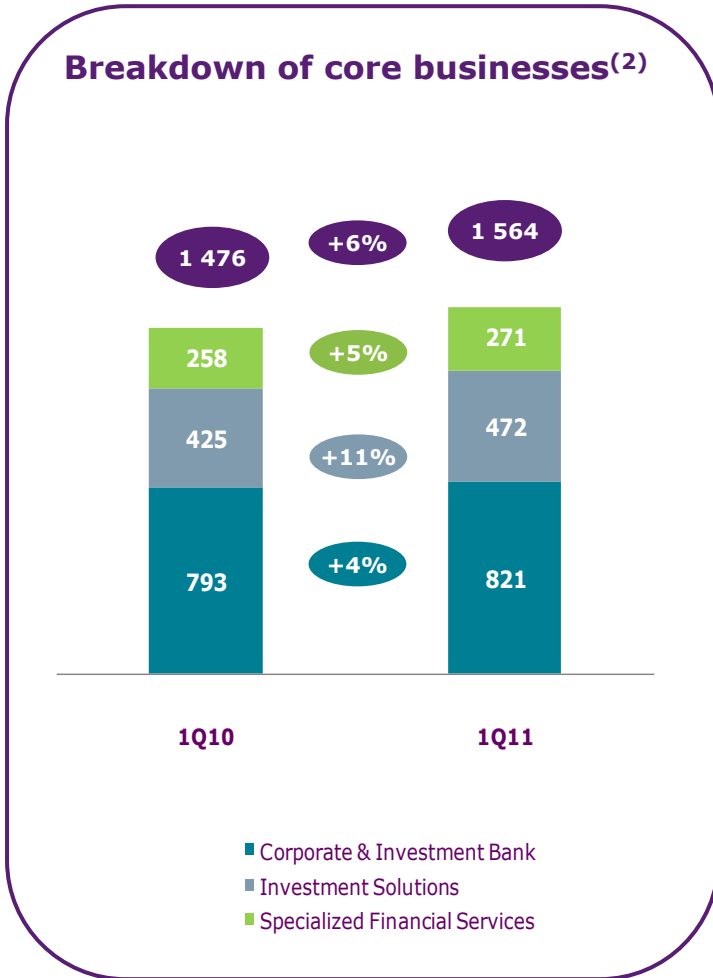


(1) Excluding GAPC and discontinued operations. Pro forma mainly of the integrations of GCE Paiements, Cicobail and Oceor Lease in 2010

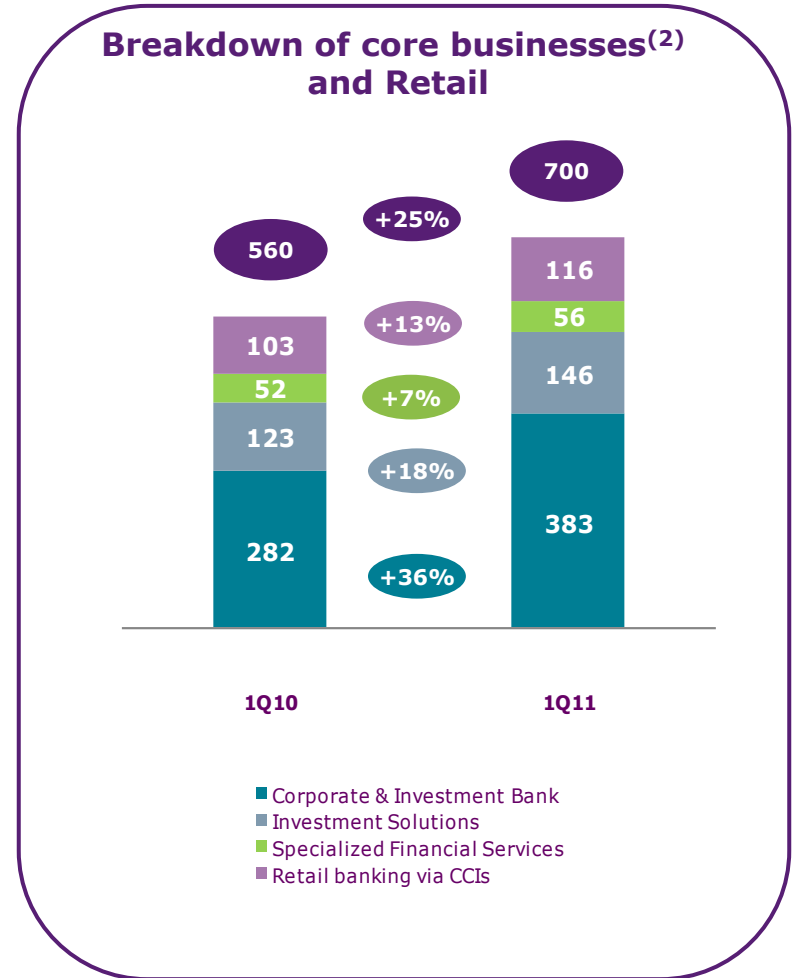


# Strong momentum in 1Q11

## Net revenues<sup>(1)</sup> in €m



## Pre-tax profit<sup>(1)</sup> in €m



<sup>(1)</sup> Excluding GAPC and discontinued operations

<sup>(2)</sup> Pro forma: mainly of the integrations of GCE Paiements, Cicobail and Oceor Lease in 2010

# 1Q11 Net income (Group share)

<i>In €m</i> <sup>(1)</sup>	1Q11	1Q10	1Q11 vs. 1Q10
Net revenues	1 635	1 629	1%
<i>Of which : core businesses</i> <sup>(2)</sup>	1 564	1 441	9%
Expenses	(1 184)	(1 086)	9%
<b>Gross operating income</b>	<b>452</b>	<b>543</b>	<b>(17)%</b>
Provision for credit losses	(44)	(118)	(63)%
Associates (incl. CCI)	153	143	7%
<b>Pre-tax profit</b>	<b>557</b>	<b>554</b>	<b>1%</b>
<b>Net income</b> (group share) excl. GAPC, discontinued operations and restructuring costs	<b>420</b>	<b>492</b>	<b>(15)%</b>
GAPC, discontinued operations and restructuring costs (after tax)	(8)	(28)	
<b>Net income</b> (group share)	<b>412</b>	<b>464</b>	<b>(12)%</b>
Cost/Income ratio	72.4%	66.7%	
Effective tax rate in %	31.5%	11.3%	
ROE	8.1%	9.4%	

## Pro forma and excluding non-operating items

	1Q11	1Q10	1Q11 vs. 1Q10 <sup>(3)</sup>
	1 743	1 670	4%
	1 564	1 476	6%
	(1 184)	(1 122)	6%
	<b>560</b>	<b>548</b>	<b>2%</b>
	(44)	(118)	(63)%
	153	143	7%
	<b>665</b>	<b>558</b>	<b>19%</b>
	<b>495</b>	<b>494</b>	
	(8)	(27)	
	<b>488</b>	<b>467</b>	<b>4%</b>
	67,9%	67,2%	
	31.2%	11.3%	
	9.9%	9.5%	

<sup>(1)</sup> Intermediate aggregates down to pre tax profit are calculated excluding GAPC, discontinued operations and restructuring costs

<sup>(2)</sup> Corporate and Investment Banking, Investment Solutions and Specialized Financial Services

<sup>(3)</sup> Pro forma: mainly of the integrations of GCE Paiements, Cicobail and Oceor Lease in 2010

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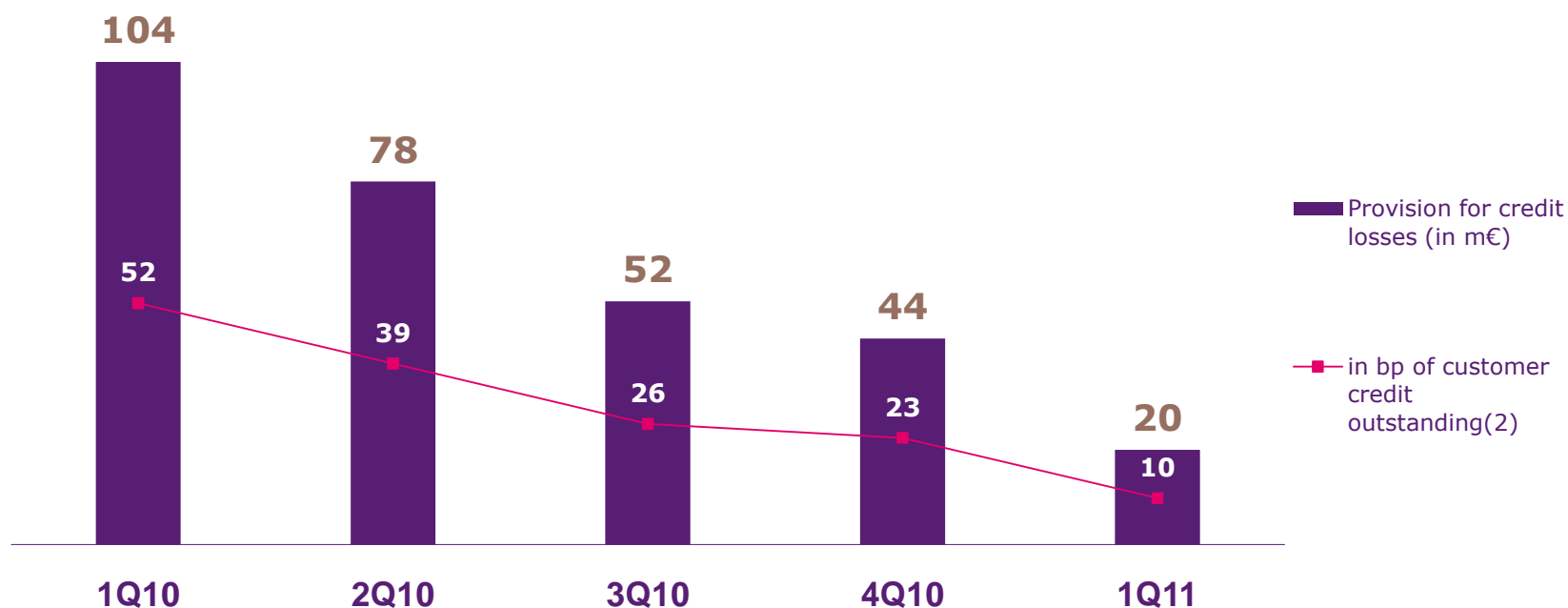
**1. Natixis structure**

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# Decreasing cost of risk in core businesses<sup>(1)</sup>



- **Steady reduction of cost of risk since 1Q10, reflecting the improved risk profile and improving economic environment**

<sup>(1)</sup> Core businesses: CIB, Investment Solutions and SFS

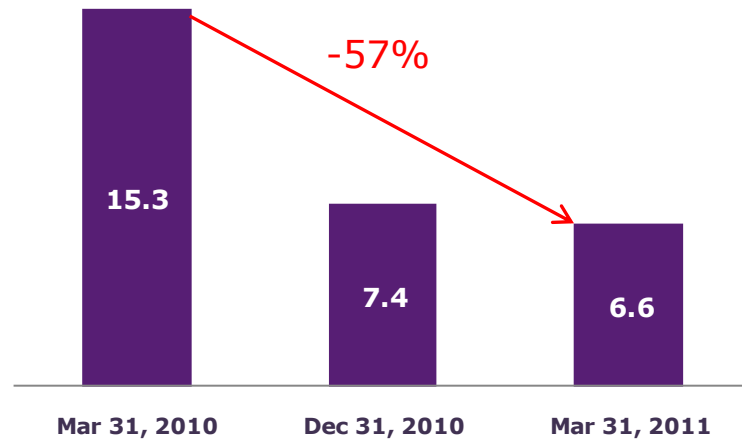
<sup>(2)</sup> Annualized quarterly cost of risk on total amount of customer credit outstanding (excluding credit institutions), beginning of period

# Strong reduction of GAPC volatility

1. Correct valuation of GAPC portfolio confirmed by external audit
2. Guarantee by BPCE on GAPC portfolio in order to:
  - ➔ Decrease the income volatility of Natixis
  - ➔ Improve the solvency of Natixis

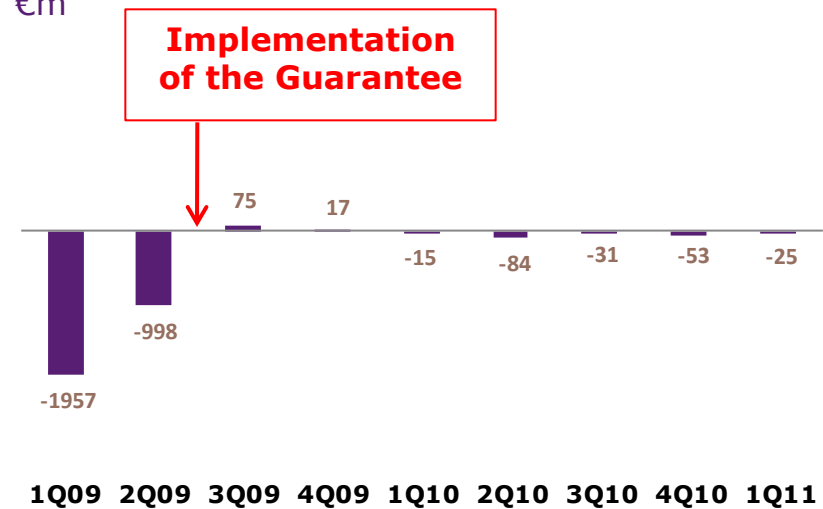
## GAPC Risk-weighted assets

€bn



## GAPC Pre-tax profit

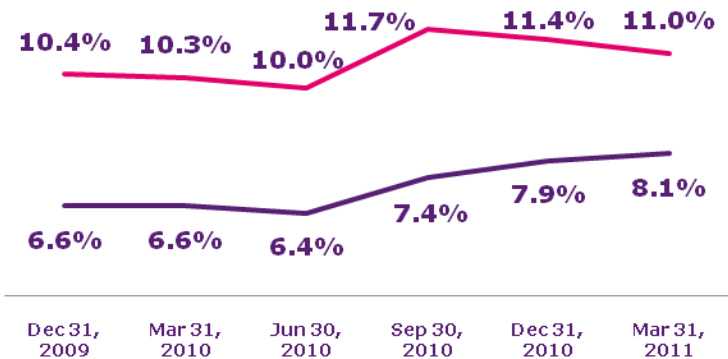
€m



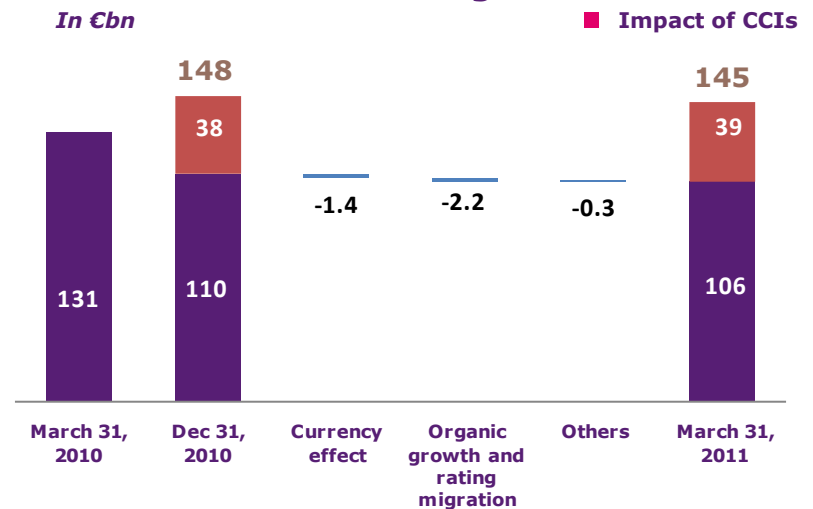
# Strong and improving financial structure

- Strict control of RWA in line with New Deal strategy
- Strong improvement of Core Tier one ratio: +150 bps in one year to 8.1%
- High Tier one ratio enables significant buy back of hybrids debt (more than 2.1 bn€ in december 2010 and march 2011)

Solvency ratios<sup>(1)</sup>



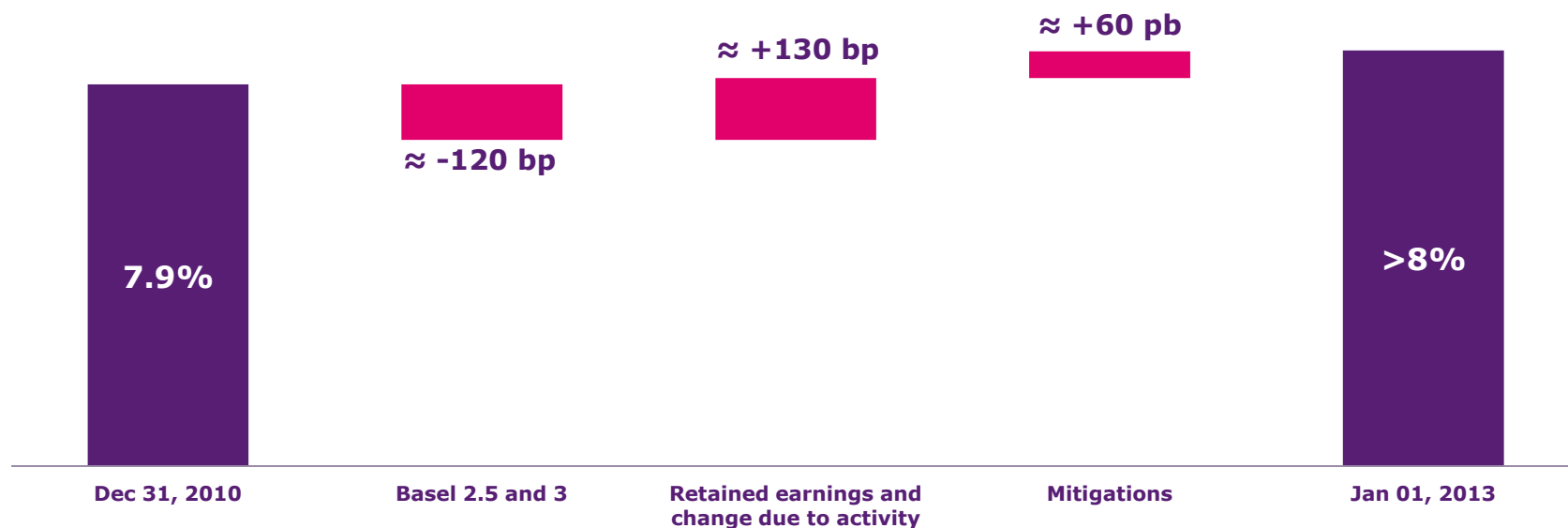
RWA change



<sup>(1)</sup> For periods before December 31, 2010, pro forma the prudential treatment of the CCIs as risk-weighted assets (370% of equity method value), based on published data

# Impact of new Basel III rules on core tier one ratio

Assumptions are for illustration purposes only. The final impact will depend on final content of the Basel III rules and how they are applied in Europe and in France, and on changes in Natixis' balance sheet to 2018

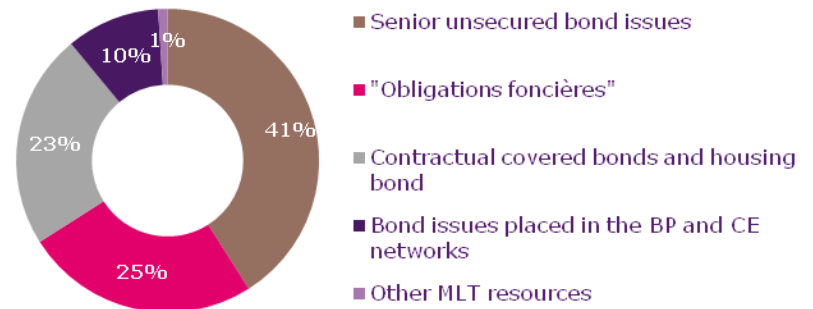


**Common Equity Tier 1 ratio expected above 8% on January 1, 2013**

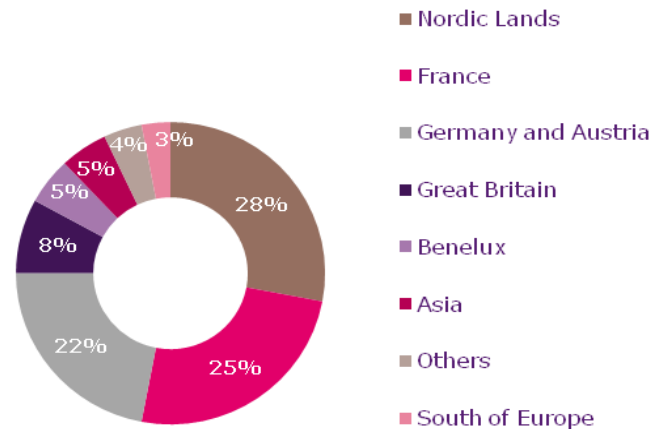
# Re-financing and liquidity

- **MLT refinancing of BPCE Group in 2011: 33 €bn (-19% vs. 2010) of which 19 €bn already raised at May 6, 2011 (i.e. 58% of total)**
- **Liquidity: joint operational management of BPCE and Natixis effective 1<sup>st</sup> of June 2011**
- **Success for the first jumbo bond of housing loan issuance by BPCE SFH (2 €bn, significantly oversubscribed)**

## Re-Financing structure of BPCE in 2011



## First issuance of BPCE SFH





# European sovereign exposures as of March 31st, 2011, based on the EBA methodology

<i>In m€</i>	<b>Gross exposures</b>	of which Banking book	of which Trading book	<b>Net exposures</b>
Austria	0	0	0	0
Belgium	11	5	5	5
Bulgaria	0	0	0	0
Cyprus	0	0	0	0
Czech Republic	0	0	0	0
Denmark	1	0	1	0
Estonia	0	0	0	0
Finland	72	0	72	16
France	5,222	2,957	2,265	5,184
Germany	23	23	0	23
Greece	64	9	56	9
Hungary	0	0	0	0
Iceland	0	0	0	0
Ireland	0	0	0	0
Italy	14	14	0	14
Latvia	0	0	0	0
Liechtenstein	0	0	0	0
Lithuania	79	0	79	0
Luxembourg	169	1	168	169
Malta	0	0	0	0
Netherlands	98	0	98	7
Norway	0	0	0	0
Poland	15	2	13	2
Portugal	6	6	0	6
Romania	0	0	0	0
Slovakia	0	0	0	0
Slovenia	2	0	2	0
Spain	440	3	437	196
Sweden	0	0	0	0
United Kingdom	3	3	0	3
<b>TOTAL</b>	<b>6,221</b>	<b>3,023</b>	<b>3,197</b>	<b>5,634</b>

# Agenda

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# Business model evolution leads to higher value creation

CIB

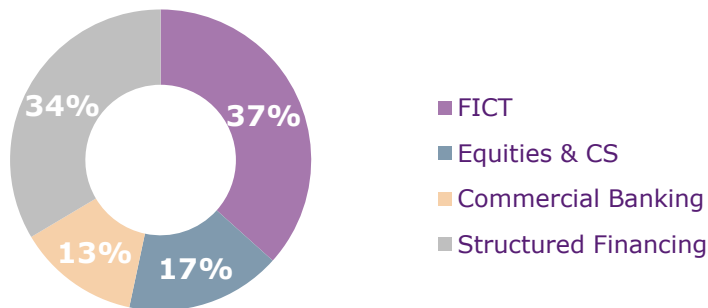
## Strategic repositioning to client related activities

- Strong reduction of normative capital allocation, in line with New Deal strategy, leading to higher profitability
- Positive commercial momentum over the same period
- At the end of 1Q11, Capital markets activities represent 53% of CIB revenues
- Stability of cost-income ratio in a context of selected investment

## Normative capital allocation<sup>(1)</sup> (in €bn)



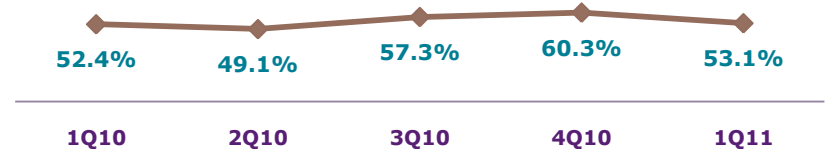
## Breakdown of 1Q11 revenues<sup>(2)</sup> (in %)



## Annualized ROE<sup>(3)</sup>



## Cost Income ratio



<sup>(1)</sup> 7% of Basel 2 RWA, beginning of period

<sup>(2)</sup> Excluding « others » and CPM items

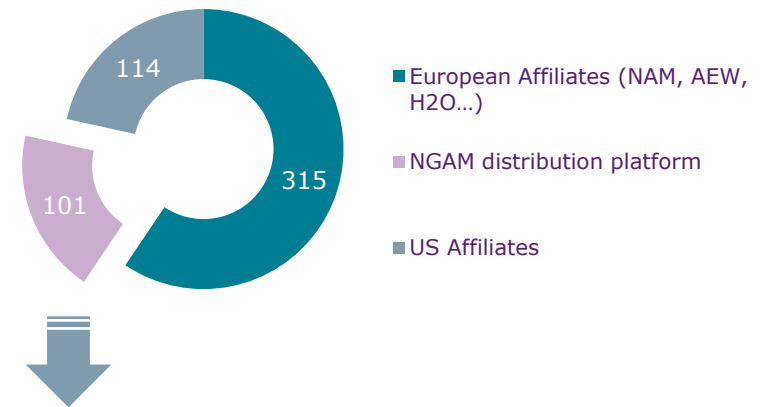
<sup>(3)</sup> With normative tax rate at 30%

# Strong centralized distribution platform

## Asset Management distribution

- At the end of 1Q11, the breakdown of total AuM (530 bn€) per distribution unit is the following:
  - 59% by European Affiliates including Natixis Asset Management, AEW, H2O...
  - 21% by US Affiliates (Harris Associates, Loomis and Sayles...)
  - 19% by NGAM distribution platform
- NGAM distribution platform leverage our multi-boutique approach and the distribution of our affiliates products on growth markets

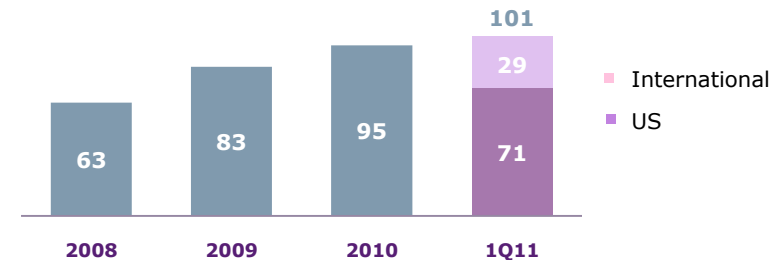
## Total AuM per distribution unit, in €bn



## AuM - Breakdown by zone in €bn

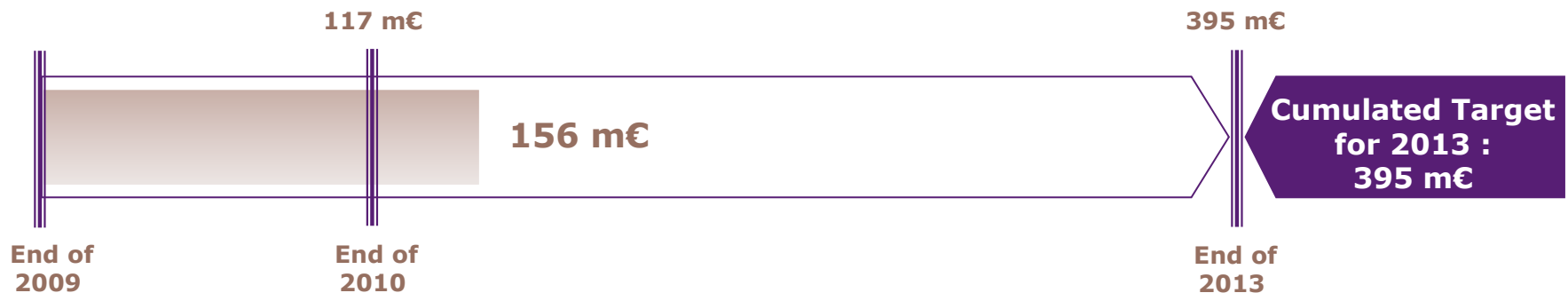


## AuM distributed through NGAM distribution platform, in €bn



# Revenue synergies ahead of plan

- **Additional cumulated revenues of 156 m€ generated via the BPCE networks, ahead of the linear target of 123 m€ at end 1Q11**
- **Specialized Financial Services division well ahead of its target**
  - Strong contribution from Consumer Financing business
  - Good performance of Leasing division
  - Strong performance of Sureties and Financial Guarantees in a favorable mortgage market in France
- **Investment Solutions contribution below plan due to unfavorable business environment**



# Conclusion

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- **Clear turnaround in operating performances over the last two years**
- **Strong improvement of risk profile: low cost of risk in core businesses, strong decrease of legacy assets...**
- **Implementation of New Deal strategy is on track**
- **The financial structure follows continuous improvement trend in a context of strict RWA growth control and in preparation for Basel 3**

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# A Appendix – Detailed Results (1Q11 and 2010)

# 2010 Net income (Group share)

<i>In €m</i> <sup>(1)</sup>	2010	2009	2010 vs.2009
Net revenues	6,520	5,938	10%
<i>Of which core businesses</i> <sup>(2)</sup>	5,787	5,128	13%
Expenses	-4,402	-4,243	4%
<b>Gross operating income</b>	<b>2,118</b>	<b>1,695</b>	<b>25%</b>
Provision for credit losses	-322	-1,488	-78%
Associates (incl. CCI)	500	425	17%
<b>Income before tax</b>	<b>2,272</b>	<b>627</b>	<b>262%</b>
<b>Net income (group share), excluding GAPC, discontinued operations and restructuring costs</b>	<b>1,940</b>	<b>1,204</b>	<b>61%</b>
GAPC (after tax)	-127	-2,433	-95%
Discontinued operations and restructuring costs (after tax)	-80	-159	-50%
<b>Net income (Group share)</b>	<b>1,732</b>	<b>-1,388</b>	<b>n.m.</b>
Cost/income ratio	67.5%	71.5%	
ROE after tax	8.4%	-	



# Corporate and Investment Banking

<i>in €m</i>	<b>1Q10</b>	<b>2Q10</b>	<b>3Q10</b>	<b>4Q10</b>	<b>1Q11</b>
<b>Net revenues</b>	<b>793</b>	<b>828</b>	<b>675</b>	<b>731</b>	<b>821</b>
<i>Commercial banking</i>	136	135	134	119	110
<i>Structured financing</i>	270	313	301	334	281
<i>Capital Markets</i>	399	358	313	372	447
<i>CPM</i>	( 16)	46	( 54)	( 36)	0
<i>Other</i>	3	( 24)	( 19)	( 58)	( 16)
Expenses	( 416)	( 406)	( 387)	( 441)	( 436)
<b>Gross Operating Income</b>	<b>377</b>	<b>421</b>	<b>288</b>	<b>290</b>	<b>385</b>
Provision for credit losses	( 97)	( 60)	( 26)	( 21)	( 2)
<b>Operating Income</b>	<b>281</b>	<b>362</b>	<b>262</b>	<b>270</b>	<b>383</b>
Associates	0	0	0	0	0
Other items	1	( 0)	( 0)	( 0)	( 0)
<b>Pre-tax profit</b>	<b>282</b>	<b>362</b>	<b>262</b>	<b>269</b>	<b>383</b>

# Investment Solutions

<i>in €m</i>	<b>1Q10</b>	<b>2Q10</b>	<b>3Q10</b>	<b>4Q10</b>	<b>1Q11</b>
<b>Net revenues</b>	<b>425</b>	<b>436</b>	<b>429</b>	<b>499</b>	<b>472</b>
<i>Asset Management</i>	324	345	350	394	365
<i>Insurance</i>	66	28	51	68	71
<i>Private Banking</i>	22	26	23	24	25
<i>Private Equity</i>	14	38	5	13	11
Expenses	( 305)	( 307)	( 316)	( 352)	( 328)
<b>Gross Operating Income</b>	<b>120</b>	<b>129</b>	<b>112</b>	<b>147</b>	<b>144</b>
<i>Asset Management</i>	74	93	90	101	94
<i>Insurance</i>	40	0	24	43	44
<i>Private Banking</i>	( 2)	3	( 1)	( 0)	1
<i>Private Equity</i>	9	32	( 1)	3	5
Provision for credit losses	1	( 15)	( 4)	( 8)	( 0)
<b>Operating Income</b>	<b>121</b>	<b>114</b>	<b>109</b>	<b>140</b>	<b>144</b>
Associates	4	4	4	7	3
Other items	( 1)	( 2)	2	( 3)	( 2)
<b>Pre-tax profit</b>	<b>123</b>	<b>116</b>	<b>115</b>	<b>144</b>	<b>146</b>

# Specialized Financial Services<sup>(1)</sup> (SFS)

<i>in €m</i>	1Q10	2Q10	3Q10	4Q10	1Q11
<b>Net revenues</b>	<b>257</b>	<b>280</b>	<b>258</b>	<b>278</b>	<b>271</b>
<b>Specialized Financing</b>	<b>129</b>	<b>132</b>	<b>133</b>	<b>138</b>	<b>141</b>
<i>Factoring</i>	28	30	30	31	30
<i>Sureties and Financial guarantees</i>	24	19	27	27	26
<i>Leasing</i>	38	43	37	38	40
<i>Consumer financing</i>	35	35	36	38	42
<i>Film Industry Financing</i>	4	4	3	3	3
<b>Financial Services</b>	<b>129</b>	<b>148</b>	<b>125</b>	<b>140</b>	<b>130</b>
<i>Employee Savings Scheme</i>	23	29	21	27	25
<i>Payments</i>	69	71	70	74	71
<i>Securities services</i>	36	49	34	39	33
Expenses	( 192)	( 195)	( 193)	( 204)	( 196)
<b>Gross Operating Income</b>	<b>65</b>	<b>85</b>	<b>65</b>	<b>75</b>	<b>75</b>
Provision for credit losses	( 13)	( 9)	( 14)	( 13)	( 20)
<b>Operating Income</b>	<b>52</b>	<b>76</b>	<b>51</b>	<b>61</b>	<b>55</b>
Associates	0	0	0	0	0
Other items	0	( 0)	( 0)	12	0
<b>Pre-tax profit</b>	<b>52</b>	<b>76</b>	<b>51</b>	<b>74</b>	<b>56</b>
<i>Specialized Financing</i>	43	48	43	53	45
<i>Financial Services</i>	9	28	8	21	11

# Financial Investments

<i>in €m</i>	1Q10	2Q10	3Q10	4Q10	1Q11
<b>Net revenues</b>	<b>210</b>	<b>203</b>	<b>189</b>	<b>267</b>	<b>212</b>
<i>Coface</i>	187	196	181	235	200
<i>Proprietary private equity</i>	13	( 6)	( 3)	19	1
<i>Others</i>	10	13	11	13	10
Expenses	( 176)	( 185)	( 168)	( 220)	( 183)
<b>Gross Operating Income</b>	<b>34</b>	<b>19</b>	<b>22</b>	<b>47</b>	<b>29</b>
Provision for credit losses	( 7)	( 9)	( 5)	( 15)	( 15)
<b>Operating Income</b>	<b>27</b>	<b>10</b>	<b>17</b>	<b>33</b>	<b>14</b>
Associates	2	2	1	2	1
Other items	4	( 0)	( 6)	( 18)	( 5)
<b>Pre-tax profit</b>	<b>33</b>	<b>11</b>	<b>12</b>	<b>16</b>	<b>11</b>



**Investor Relations**

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