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## Press release

### **BPCE Launches Seven Exchange Offers for Natixis Tier 1 Securities**

***Offer of €1.5 billion of new BPCE securities establishes the central body of new Groupe BPCE as a major bond issuer in international markets***

***Transaction will strengthen Core Tier 1 ratio of Natixis***

6 JULY 2009

BPCE, which on July 31, 2009 will become the central body of the new banking group resulting from the combination of Groupe Banque Populaire and Groupe Caisse d'Épargne, today announced that it is launching offers to exchange up to €1.5 billion of new BPCE Tier 1 Securities for seven issues of outstanding Tier 1 securities issued by Natixis. The transaction will take place simultaneously with the combination of Groupe Banque Populaire and Groupe Caisse d'Épargne, which will create the second largest retail banking group in France. BPCE will be the new group's principal international bond issuer.

François Pérol, who will be the Chairman of the Management Board of BPCE upon closing of the combination transactions, said, *"This transaction shows that BPCE will become immediately operational upon its creation. It is a positive sign for the future funding policy of our group, and for the Banques Populaires and the Caisses d'Épargne. At the same time, this exchange offer gives us the opportunity to strengthen the regulatory capital structure of Natixis, which of course is a key part of our group's future."*



### ***The Exchange Offers***

BPCE is offering to exchange newly issued deeply subordinated notes for seven outstanding Natixis issues: five issues of Natixis deeply subordinated notes and two issues of trust preferred securities issued by trusts that were established by Natixis. The new BPCE securities will count as Tier 1 capital for French bank regulatory purposes, as is the case for the existing Natixis securities.

The exchange offers are being launched on July 6, 2009, and the offer period will close on July 31, 2009, the date on which Banque Fédérale des Banques Populaires and Caisse Nationale des Caisses d'Épargne et de Prévoyance are scheduled to contribute most of their businesses to BPCE. Settlement and issuance of the new BPCE notes is scheduled to occur on August 6, 2009.

BPCE is offering an amount equivalent to up to €1.47 billion of new notes in four series, two denominated in euros (for up to €129 million and €698.5 million respectively), and two denominated in U.S. dollars (for up to US\$339 million and US\$570 million respectively). These four series will be listed on the Luxembourg Stock Exchange. The offer prices represent a significant premium relative to the market prices of the existing securities (with an average premium of 17 percentage points). The new BPCE Tier 1 notes will have a coupon of 12.5% or 13% depending on the series.

### ***Impact of the Exchange Offers on the New Group***

The exchange offers represent the first funding transaction of the new group, in which BPCE will assume the role of issuer on international markets, consistent with its position as central body.

Generally speaking, the group plans to pursue a prudent and diversified funding policy, relying on significant customer deposits (which represented 87% of the customer loans of the two networks at year end) as well as disciplined access to capital markets.

BPCE's position as a high quality issuer will allow the group to raise funding in an optimal manner on international capital markets through a central body whose mission is to guarantee the liquidity and solvency of the group as a whole. BPCE intends to put in place a



funding policy allowing it to optimize the price and volume for the liquidity of the group, both in the money market (short term) and the bond markets (medium and long term). In the short-term category, BPCE will be the principal issuer of the group alongside other issuers including Natixis, Crédit Foncier, Banque Palatine and certain regional banks. In the medium and long term category, BPCE will be the predominant issuer for senior issues and the only issuer for subordinated and deeply subordinated issues. Specialized AAA-rated issuers will also complement the strategy: the two issuers of covered bonds (Banques Populaires Covered Bonds and GCE Covered Bonds) will be operated by BPCE, and mortgage bond issuer Compagnie de Financement Foncier will continue to be operated by Crédit Foncier. The offers are therefore a logical extension of BPCE's financial organization described above.

The direct impact of the exchange offers will be to improve the quality of the consolidated regulatory capital of BPCE. If all of the outstanding Natixis securities targeted by the offers were tendered for exchange, the Core Tier 1 ratio of BPCE would increase by 0.2 percentage point. Furthermore, BPCE expects to sell to Natixis the existing securities that it receives in the exchange offers. Once acquired, these securities will be cancelled by Natixis, which will then issue new Tier 1 deeply subordinated notes to BPCE. If all of the Natixis existing securities that are the subject of the exchange offers were tendered in the offers, these transactions would increase the Core Tier 1 ratio of Natixis by approximately 0.4 percentage point.

**About BPCE:**

BPCE will be the central body for the new banking group formed by the combination of Groupe Banque Populaire and Groupe Caisse d'Épargne. It will receive contributions of the principal businesses of Banque Fédérale des Banques Populaires (BFBP) and Caisse Nationale des Caisses d'Épargne (CNCE). BPCE will officially become operational on Monday, August 3, 2009, after BFBP and CNCE hold their Extraordinary General Meetings on Friday, July 31, 2009 to approve the formation of the new central body.

As of this date, BPCE will be France's second-largest banking group and will combine two autonomous and complementary retail banking networks, those of the 20 Banque Populaire banks and the 17 Caisse d'Épargne banks. The new group will have 37 million customers,



extensive coverage of France with more than 8,000 branches, 110,000 employees and over 7 million member-stakeholders.

The BPCE Group will have Tier 1 capital of €36.5 billion and will represent 22% of total deposits held by French banks. It will be positioned as a key player in the economic and financial life of France, serving individuals, small and medium-sized businesses and large companies.

BPCE expects that its long-term senior debt ratings will be identical to those of BFBP and CNCE: A+ from Standard & Poor's, Aa3 from Moody's and A+ from Fitch, all with stable outlooks.

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