Registration document **2008**

GROUPE
CAISSE D'EPARGNE

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CAISSE D'EPARGNE

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AUTORITÉ DES MARCHÉS FINANCIERS
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The original version of the Registration document in French was registered with the *Autorité des marchés financiers* (AMF, French Financial Markets Authority) on April 8, 2009, in compliance with Articles 212-13 of the General Regulations of the *Autorité des marchés financiers*. It may only be used in connection with a financial transaction if an additional prospectus, approved by the *Autorité des marchés financiers*, is appended.

This Registration document may also be downloaded from **www.groupe.caisse-epargne.com**

Rankings: the rankings cited in the Registration document are derived from either explicitly stated external sources or are sourced internally.

1 The Group in 2008

1.1 Messages from the Chairmen

Message from the Chairman of the Supervisory Board

When the dust has settled from the numerous events that precipitated the crisis in the banking sector in 2008, it will become fully apparent that the business of banking was shaken to its very foundations.

Where the pursuit of profitability targets, now considered unreasonable, required systematic leveraging, the priority has come to be focused resolutely on the strength of banks' capital bases, in all markets.

Where economic globalization looked set to reduce the role of local banks, the full-service banking model, based on knowledge of the customer, proximity, and a desire to accompany him throughout his life, has held up particularly well.

This profound change in our environment was matched by the unprecedented situation faced by Groupe Caisse d'Epargne in 2008.

We chose to modernize and diversify so as not to remain the bank of a single product, a single clientele or a single market. It was a wise decision, as 2008 saw the realization of the threats that had been hanging over the Livret A savings account. We had been preparing for this for some years, and Caisse d'Epargne, with all its resources, knows that it is well placed to satisfy its customers' needs.

To open up new avenues of growth for Groupe Caisse d'Epargne and to reinforce our Commercial Banking offering, we made substantial investments in the fields of real estate and investment banking during the last several years.

We have suffered the consequences of the financial crisis before our diversification policies came to fruition. But the difficulties we encountered in the early stages, leading to painful losses for our Group, must not be allowed to divert us from the long-term goals our investments were aimed at achieving.

Lastly, our governance was sorely tested. The moral contract linking Caisse d'Epargne to its cooperative shareholders, built on the dual foundations of confidence and prudence, could not accept the events of the fall of 2008, and our image was damaged. But the Supervisory Board of the Caisse Nationale des Caisses d'Epargne, well aware of its special responsibility, put together a new management team capable of taking swift action and guiding Caisse d'Epargne along a perilous course.

What can we say of the new day that is dawning?

Caisse d'Epargne has not renounced its ambitions. It still seeks to rank among the key players in French banking. During this crisis, our role alongside our country's households, businesses and local authorities is more than ever vital, as a means of restoring confidence between banks and the people who keep our economy moving.

It was with a view to improving our chances for success that we initiated and confirmed our merger with Groupe Banque Populaire.

The alliance between our two groups is aimed at shoring up our capacity to improve our productivity, and at pooling our resources in order to give us the size and financial power that will be the keys to future investment.

Caisse d'Epargne will be proud to bring its unique strengths to this project: the confidence of our customers, our unrivalled capacity to gather savings and our unfailing commitment to serve our regional markets.

Yves Hubert

Chairman of the Supervisory Board
of the Caisse Nationale des Caisses d'Epargne

Message from the Chairman of the Management Board

2008 was a trying year for the Group. But it was also a year that amply demonstrated the resilience of the Caisses d'Epargne and their determination to move forward, as evidenced by our planned merger with the Banques Populaires. It is against this backdrop, at once challenging and inspiring, that the Supervisory Board entrusted me with the Chairmanship of the CNCE Management Board.

It has not escaped anyone's notice that today's crisis is of historic proportions, not only in its severity, but also in its depth. The world of finance is facing enormous challenges across the board.

In this hostile environment, our Group was quick to react, looking to the future and committing to a value-creating alliance with Groupe Banque Populaire. Our plans took on a new dimension in October 2008, when our respective governing bodies decided to launch the process officially.

Our merger, conceived and carried out by our two Groups, stems from our shared desire to create a stronger and more successful bank, building on the complementary fit between our two networks – which will remain independent – the force of our respective natures and the values we share.

In other circumstances, the Caisses d'Epargne and the Banques Populaires would have been able to achieve their goals on their own. But the financial crisis and its consequences prompted the government to lend its support to the project and to become directly involved in its success.

In the short term, we must show that the new group is in a position to ensure a sustained industrial and economic performance. It is for this reason that France's future second largest banking group will need to be built on the foundations of a strong central institution capable of carrying out all the management tasks defined by law, as of July 2009.

The goal behind the creation of our new central institution is to better serve our cooperative shareholders that are the Caisses d'Epargne, and our customers, be they individuals, companies or local government authorities.

To achieve this, the group born of the merger between the CNCE and the BFBP will be able to count on the quality of its subsidiaries. With that in mind, we will take a fresh look at the various Natixis business lines in order to put together a coherent line of instruments at the service of our core retail banking business.

The coming year will be one of change, a year in which we will write a new page in the history of the Caisse d'Epargne and Banque Populaire Groups, a year in which the alliance of our forces will give rise to the emergence of a new retail banking leader in France.

François Pérol

Chairman of the Management Board
of the Caisse Nationale des Caisses d'Epargne

1.2 Foreword

Caisses d'Epargne et de Prévoyance (Caisses d'Epargne)

The Caisses d'Epargne are approved cooperative banks governed by ordinary law. Some 80% of their capital is held by local savings companies, and 20% by Natixis, in the form of Cooperative Investment Certificates (CICs). But as the CICs are not voting shares, local savings companies own 100% of voting rights. Natixis is the credit institution under the joint control of Groupe Banque Populaire (via Banque Fédérale des Banques Populaires or BFBP) and Groupe Caisse d'Epargne (via Caisse Nationale des Caisses d'Epargne or CNCE), which combines their wholesale banking and financial services businesses.

The Caisses d'Epargne are *sociétés anonymes* (joint-stock corporations) governed by Management and Supervisory Boards (called steering and supervisory boards). They are credit institutions that are authorized to operate as banks.

Together, the Caisses d'Epargne own the entire share capital of the CNCE.

The singular term "Caisse d'Epargne" refers to both the commercial brand and/or the institution as a whole, incorporating the activities of all of the individual Caisses d'Epargne.

Cooperative Investment Certificates (CICs)

CICs are marketable securities. They do not carry voting rights but represent economic rights attached to shares in the capital of the Caisses d'Epargne.

Holders of CICs receive remuneration set by the Annual Shareholders' Meeting of each Caisse d'Epargne, the amount of which depends on that bank's results for the year. Holders also benefit from rights to net assets in proportion to their interest in the bank's capital.

Local savings companies

Local savings companies are cooperative companies with an open-ended capital stock owned by cooperative shareholders. Any natural or legal entity that is a customer of a Caisse d'Epargne may acquire members' shares in a local savings company and thereby become a cooperative shareholder. Employees of the Caisses d'Epargne may also become cooperative shareholders. While local and regional authorities, and French intermunicipal cooperation bodies (*Etablissements publics de coopération intercommunale*) within the territorial constituency of the local savings company are also entitled to become cooperative shareholders, their shareholdings, taken together, may not exceed 20% of the capital of a given local savings company.

The local savings companies are tasked with coordinating the cooperative shareholder base, within the framework of the general objectives defined by the individual Caisse d'Epargne to which they are affiliated.

Local savings companies hold shareholders' meetings at least once a year in order to approve the annual accounts, and are governed by a board of directors elected from among the cooperative shareholders by the Shareholders' Meeting. The Board of Directors appoints a chairman, who is responsible for representing the local savings company at the Annual Shareholders' Meeting of its affiliated Caisse d'Epargne.

Local savings companies are not authorized to carry out banking business.

Caisse Nationale des Caisses d'Epargne et de Prévoyance (usually referred to as the Caisse Nationale des Caisses d'Epargne or CNCE)

The CNCE is the central institution of Groupe Caisse d'Epargne as defined by Article L. 511-30 of the French Monetary and Financial Code, and a credit institution authorized to operate as a bank. It is a *société anonyme* (joint-stock corporation) governed by a Management Board and a Supervisory Board whose entire capital has been held by the individual Caisses d'Epargne since January 29, 2007.

Specifically, the CNCE represents its various affiliates in dealings with the supervisory authorities, defines the range of products and services offered by them, organizes depositor protection, and approves senior management appointments. It is also responsible for the centralized management of any surplus funds held by the individual Caisses d'Epargne, for carrying out any financial transactions required to develop and refinance the Group, and for overseeing the smooth functioning of the Group's institutions.

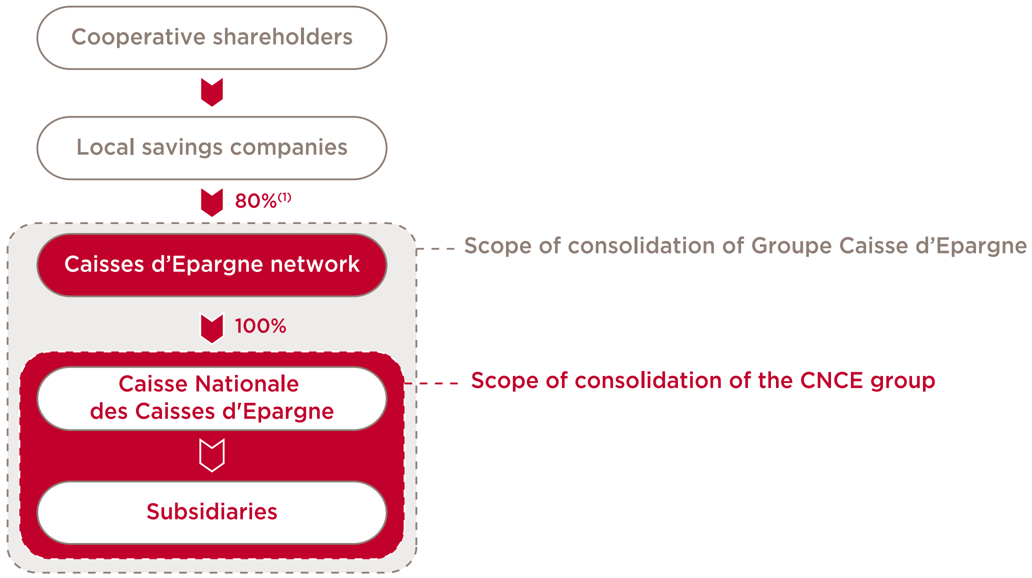
Groupe Caisse d'Epargne (GCE) and the CNCE group

The organization of the two groups around a central institution is illustrated in the diagram on the opposite page. The CNCE group is comprised of the CNCE and its subsidiaries.

Groupe Caisse d'Epargne corresponds to the Caisses d'Epargne and their subsidiaries, the CNCE and its subsidiaries.

The main difference between the groups is that only a portion of the Caisses d'Epargne's income is included in that of the CNCE group on the "share in net income/(loss) of associates" line, via the Caisses d'Epargne's CICs held by Natixis since the end of 2006, which represent 20% of their capital.

Aggregate financial statements of the Caisses d'Epargne are prepared for the purposes of the inclusion of their CICs in Natixis' consolidated financial statements under the equity method.



(1) The remaining 20% of the Caisses d'Epargne network is held by Natixis via cooperative investment certificates (CICs); 100% of the voting rights are held by local savings companies.

1.3 Profile and history of the Group

Profile of the Group

With the networks of the individual Caisses d'Epargne, Crédit Foncier, Banque Palatine, Financière Océor and its array of specialized subsidiaries, Groupe Caisse d'Epargne (GCE) is one of the largest retail banking institutions in France.

With 51,700 employees and a strong local presence, it operates in all areas of banking, insurance and real estate services.

To further expand its wholesale banking and financial services, Groupe Caisse d'Epargne created Natixis, a joint banking venture with Groupe Banque Populaire. With Nexity, Groupe Caisse d'Epargne has set up a major real estate services division. The Group has also adopted a policy geared to developing the international dimension of its commercial banking activities.

Groupe Caisse d'Epargne offers a robust financial profile founded, in particular, on its expertise in savings deposits as well as on its know-how as a local banking institution at the service of all types of customers.

Groupe Caisse d'Epargne reasserts its position as a socially responsible financial institution through the general public-interest initiatives taken by the individual savings banks, through the activities of its Foundation for Social Solidarity aimed at combating dependency and illiteracy and, lastly, through its commitment in favor of sustainable development.

History of the Group

1818: creation of the first Caisse d'Epargne in Paris.

1950: the Minjoz law authorizes the Caisses d'Epargne to finance local authorities.

1978: authorization to grant consumer loans and to open deposit accounts.

1983: the July 1 reform bill grants the individual Caisses d'Epargne the status of not-for-profit financial institutions. Creation of the Centre National des Caisses d'Epargne.

1991: organization of the network: as a result of mergers, the number of entities in the Caisses d'Epargne network decreases from 180 to 35.

1999: the individual Caisses d'Epargne adopt the status of cooperative, universal banks. Creation of the Caisse Nationale des Caisses d'Epargne and acquisition of Crédit Foncier.

2004: acquisition of Banque Palatine (formerly Sanpaolo), Entenial and IXIS.

2005: creation of La Compagnie 1818 – Banquiers Privés – and CACEIS.

2006: creation of Natixis.

2007: creation of a fully-fledged real estate services division with Nexity. Continuation of the mergers within the Caisses d'Epargne network, with the number of entities reduced from 29 at the start of 2007 to 17 by June 2008, when the merger process was completed.

2008: negotiations opened with Groupe Banque Populaire with a view to merging the Caisse Nationale des Caisses d'Epargne and Banque Fédérale des Banques Populaires.

1.4 Organization of the Group at December 31, 2008

350 local savings companies (LSC)
3.7 million cooperative shareholders

Fédération Nationale des Caisses d'Epargne

80% (shares in LSCs)

Caisses d'Epargne Foundation for Social Solidarity

17 Caisses d'Epargne

20% (CICs)[1]

100%

Caisse Nationale des Caisses d'Epargne

COMMERCIAL BANKING	INSURANCE	REAL ESTATE SERVICES	WHOLESALE BANKING AND FINANCIAL SERVICES
Main brands and investments			
■ **Caisses d'Epargne, Crédit Foncier, Banque Palatine, Financière Océor[2]**	■ **GCE Assurances, CNP*[3], Séréna[4], DomusVi[5]**	■ **Nexity*[6], Meilleurtaux*[7], Maisons France Confort*[8],** ■ **GCE Habitat, GCE SEM**	■ **Natixis*[9], Natixis Global Asset Management, Natixis Financement, Coface, Natixis Garanties**
Operating lines			
■ Individual customers ■ Professional customers ■ Corporate customers ■ Local authorities and institutions ■ Social economy ■ Social housing	■ Life insurance ■ Non-life insurance ■ Health and disability insurance ■ Payment protection ■ Guarantees and sureties ■ Personal care services	■ Development and construction ■ Transactions/Sales ■ Property management ■ Advisory and management services ■ Land development ■ Financing and guarantees ■ Public-private partnerships ■ Social housing	■ Corporate and investment banking ■ Asset management ■ Private equity and private banking ■ Investor services ■ Receivables management

* Publicly traded company.
1. Cooperative Investment Certificates (CICs) owned by Natixis representing 20% of the capital of the Caisses d'Epargne: they give the right to a dividend but not the right to vote.
2. The Financière Océor holding company owns the Group's investments in banks in foreign countries and in overseas French territories.
3. 17.74% held by Sopassure, 49.98% owned by the CNCE.
4. 25% owned in parity with Macif, MAIF and MGEN.
5. 17% interest held by DVHolding.
6. 39.52% owned by the CNCE.
7. 61.01% interest held by Oterom Holding, with MAIF, Macif and Nexity.
8. 22.85% interest owned by the Group.
9. Jointly owned with Banque Fédérale des Banques Populaires, both Groups owning a 35.62% interest. The percentage interest of CNCE in Natixis, after restating to account for treasury shares, is 35.78% at 12/31/2008.

1.5 2008 key figures

Groupe Caisse d'Epargne

An exceptional loss of €2 billion in 2008 attributable to four factors:

- the unprecedented worsening of the financial crisis (-€3.3 billion) (*);
- impairment of goodwill for some subsidiaries following revisions to their business plans (-€0.6 billion) (*);
- the CNCE's trading loss in October, in an extremely volatile market (-€0.8 billion) (*);
- the restructuring costs undertaken by the Group, needed to pave the way for a profitable future (-€0.3 billion) (*).

(*) Annual pre-tax impact.

Earnings

In billions of euros	**2008**	2007 (1)	2006 (2)
Net banking income	8.4	9.8	10.0
Gross operating income	(0.2)	1.5	2.4
Net income attributable to equity holders of the parent	(2.0)	1.4	1.4
Return on equity (3) (%)	na	7.3%	8.4%

(1) Published figures include Nexity's results for the six months starting July 1, 2007, the date of its first-time consolidation within the Group.
(2) Pro forma data were prepared on the assumption that the operations setting up Natixis, and those carried out in relation to the renegotiated partnership with Caisse des Dépôts, took place on January 1, 2006.
(3) Return on equity is calculated based on net income attributable to equity holders of the parent divided by average attributable equity excluding unrealized or deferred gains and losses at the beginning and end of the period in question (after the payment of dividends).

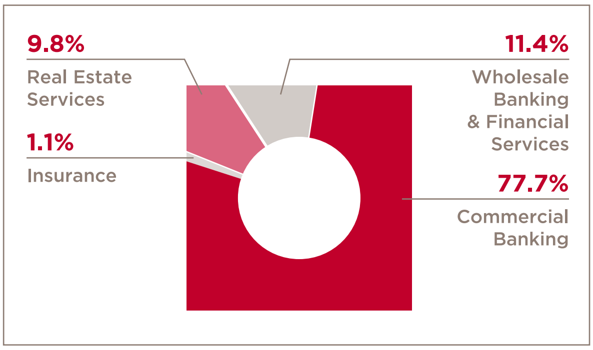
Financial position

In billions of euros	**2008**	2007	2006
Tier-1 capital (1)	18.6	20.4	18.3
Equity attributable to equity holders of the parent	16.6	20.6	20.0
Tier-1 ratio (1) (%)	8.1%	8.7%	8.7%
Capital-adequacy ratio (1) (%)	9.6%	10.4%	10.5%

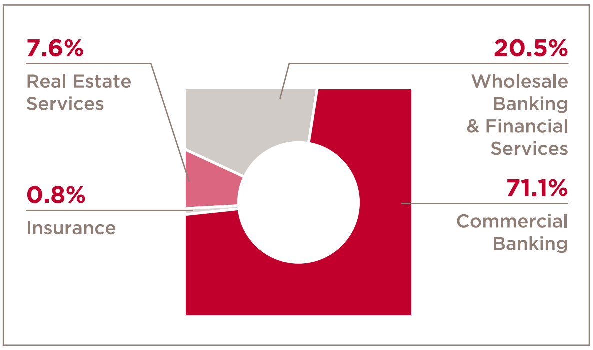
(1) Basel I data in 2006 and 2007, Basel II data in 2008.

Contribution from operating lines (1) to net banking income

2008 NBI



2007 NBI (2)



- **In 2008, the Group refocused on its core Commercial Banking business.**

(1) Contribution excluding Other Activities division.
(2) 2007 in published data.

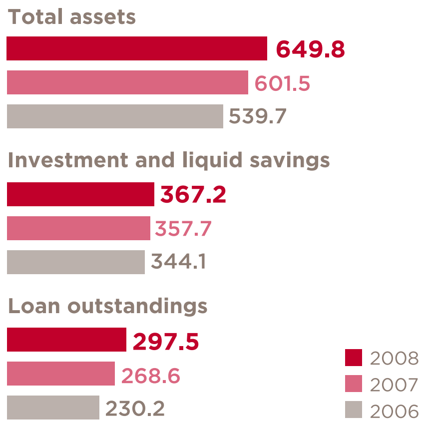
2008 data

- **51,700 employees**[(1)]
  in addition to 22,100 for Natixis
  and 6,770 for Nexity
- **3.7 million cooperative shareholders of the Caisses d'Epargne**
- **17 individual Caisses d'Epargne at 12/31/2008**
- **4,780 bank branches**
- **7,610 bank ATMs**

(1) Average monthly full-time employees.

Outstandings at December 31, 2008

(In billions of euros)



Credit ratings

- Standard & Poor's: **A+** (March 13, 2009)
- Moody's: **Aa3** (March 6, 2009)
- Fitch Ratings: **A+** (February 3, 2009)

Caisse Nationale des Caisses d'Epargne group

Earnings

In billions of euros	**2008**	2007 [(1)]	2006 [(2)]
Net banking income	3.5	4.0	4.2
Gross operating income	(0.6)	0.1	0.8
Net income attributable to equity holders of the parent	(2.0)	0.6	0.5
Return on equity [(3)] (%)	na	6.3%	10.8%

(1) Published figures include Nexity's results for the six months starting July 1, 2007, the date of its first-time consolidation within the Group.
(2) Pro forma data were prepared on the assumption that the operations setting up Natixis, and those carried out in relation to the renegotiated partnership with Caisse des Dépôts, took place on January 1, 2006.
(3) Return on equity is calculated based on net income attributable to equity holders of the parent divided by average attributable equity excluding unrealized or deferred gains and losses at the beginning and end of the period in question (after the payment of dividends).

Financial position

In billions of euros	**2008**	2007	2006
Tier-1 capital [(1)]	10.4	9.7	9.0
Equity attributable to equity holders of the parent	10.0	10.5	10.6
Tier-1 ratio [(1)] (%)	8.3%	8.5%	8.9%
Capital adequacy ratio [(1)] (%)	10.5%	10.1%	9.5%

(1) Basel I data in 2006 and 2007, Basel II data in 2008.

1.6 Groupe Caisse d'Epargne's operating divisions

1.6.1 Commercial Banking

The Commercial Banking division is built around two transversal structures that put the Group's full resources to work for the benefit of its customers: retail banking for individual and professional customers, and regional development banking for decentralized public and private organizations.

Retail banking

Nearly one French person in two is a Caisse d'Epargne customer. Much more than just a savings bank, Caisse d'Epargne offers its individual and professional customers all the services, lending facilities and financial advice they could expect of a full-service bank. Whether it be investments, means of payments, loans, general and health and disability insurance, services or asset management, Caisse d'Epargne supports its customers whatever their plans.

Individual customers

Over the last three years, the Caisses d'Epargne have invested considerable amounts to increase customer satisfaction, while optimizing marketing and network strategies. A total of 2,130 branches have been refurbished and 2,135 new ATMs installed since the program was launched. The rollout of the *Ecureuil Attitude* customer care standards has been set up in all branches, while the *Fréquence Client* program ensures that staff are more frequently available and that offers are customized.

Multi-channel access

Telephone and Internet-based remote banking facilities have been enhanced. The Group's 18 customer service centers handled over 12 million incoming calls in 2008.

The *caisse-epargne.fr* website has been redesigned and merged into a single commercial and operational site, making it a genuine sales channel offering easier, secure access to an ever-increasing number of services. Some 2.7 million customers use it to do their banking.

Direct Ecureuil Mobile phone banking services (*WAP* and *i-mode*) are on offer throughout the Caisses d'Epargne network, as well as *AlertEcureuil* text messaging (SMS).

Through the *Crescendo* multi-channel management process, the Caisses d'Epargne network has completed over 500 marketing campaigns and generated more than 20 million contacts.

Closer ties

In 2008, Caisse d'Epargne strengthened its relations with private customers in several areas: day-to-day banking, with 5.2 million interest-bearing current accounts and 3.9 million subscribers to the *S'Miles* multi-brand loyalty program; savings, with record inflows of more than €8.7 billion; consumer finance services, with production up 7% at €5.5 billion; and non-life insurance, with over 1.2 million clients choosing to insure their car, home or, more recently, health from GCE Assurances.

Day-to-day banking

Caisse d'Epargne remains the only major French bank to pay interest on its customers' demand deposits. Between the launch of this offer in April 2005 and the end of 2008, the number of private customers holding an interest-bearing account through a Caisse d'Epargne service package rose from 3.7 million to 5 million. One million packages were sold in 2008.

Funds held in private individuals' demand deposits totaled €18.8 billion at the end of 2008.

Caisse d'Epargne has consolidated its position as the leading issuer of *Visa* cards, and the number two issuer of bank cards all brands combined, with a stock of 6.1 million bank cards.

Some 3.9 million private individuals also take advantage of the *S'Miles* multi-brand loyalty program, which attracted 681,000 new members in 2008. *S'Miles* helps to satisfy and increase the loyalty of customers through rapidly accessible benefits: 470,000 gifts have already been delivered. At the same time, the program encourages payments by card and the use of Caisse d'Epargne ATMs.

Supporting young people

Caisse d'Epargne is active in helping parents prepare for the future of their children. This entails imparting community values, teaching them to manage a budget and helping them achieve their goals.

In partnership with WWF, it launched the Livret A *Kipouss* savings account at the end of 2007. This product combines the Livret A savings account with information on protecting our environment. A total of 100,000 trees in Mediterranean forests have been sponsored as a result.

To prepare young people for managing a bank account from the age of 12, Caisse d'Epargne offers France's first prepaid, rechargeable bank card. With this card, teenagers can withdraw money from ATMs and pay for their shopping within limits set by their parents. Cards are topped up in real time over the Internet. Teenagers and their parents can track spending over the Internet or by telephone. The learning curve leads to a package for 16-17 year olds, which includes suitable insurance.

Paying for driving lessons, a laptop computer, first car or studies, covering home contents or finding health insurance: Caisse d'Epargne provides solutions for all these needs on specially thought-out terms.

Examples include the *interest-free €1,000 loan,* which can be spent on whatever the borrower likes, and which was taken out by 30,000 customers in 2008, and the *Pour Avancer* loan. Introduced in September 2008, the latter allows 18-28 year olds to borrow up to €7,000, repayable over 60 months. The bank covers the set-up fees on these loans.

Savings and life insurance

Caisse d'Epargne has a long-standing presence in savings. Deposits by private individuals and professional customers set a new annual record of €8.7 billion in 2008. The rise in short-term interest rates and the financial crisis encouraged more cash savings, which account for the majority of inflows. At the end of 2008, total assets in savings accounts had reached €284 billion, an increase of 2.7%.

Over one million Livret A savings accounts opened

More than ever, liquidity, security and interest were key selling-points for savers, who in huge numbers turned to Livret A savings accounts, term deposits and, to a lesser extent, life insurance.

At Caisse d'Epargne, net deposits in Livret A savings accounts – interest on which was raised to 4% on August 1, 2008, its highest level for 12 years – totaled €7.7 billion, while over 1 million new Livret A savings accounts were opened. Growing by 15%, private individuals' Livret A savings accounts amounted to €76 billion at the end of December 2008, spread between 24 million accounts.

To increase loyalty and attract new customers, two new savings accounts were launched: *Livret GrAnd FormAt* in April and *Livret GrAnd Prix* in December. Nearly 443,000 such accounts have been opened, and €4.2 billion paid into them.

In a sluggish market, gross inflows to life insurance products fell by 21% to €7.9 billion. The net surplus came to €1.8 billion.

Ecureuil bonds collected a gross amount of €2.4 billion.

Subscriptions to cooperative shares, which represent a percentage of the capital in an individual Caisse d'Epargne via local savings companies, totaled €763 million.

Mutual funds

With a range of around one hundred funds designed by Natixis Épargne Financière, Caisse d'Epargne is one of the leading distributors of guaranteed-capital mutual funds in France.

Despite the financial crisis, an all-out effort by teams and the revitalization of *Bourse "Esprit Ecureuil"* led to inflows of €6.7 billion in 2008, bringing total assets under management to €18.1 billion by the end of the year.

Three new guaranteed-capital funds came to the market: *Fuzéor 4, Best Seller 2* and *Petillance.* And thanks to an innovative hedging mechanism, investors in the *Best Seller* investment fund have been protected from a decline in the stock market. They enjoy a return of 5% a year through automatic withdrawal from the fund.

The Group also launched *Ecureuil Immo +*, the first real estate collective investment fund approved by France's Financial Markets Authority (*AMF*). Managed by the Ciloger subsidiary, *Ecureuil Immo +* is a new type of indirect real estate investment, more accessible and more liquid than a real estate investment trust. It is aimed at customers looking for a ready-made investment solution or wishing to prepare for retirement without investing directly in real estate, while still enjoying a steady stream of additional income.

Private asset management

With nearly 115,000 customers and net inflows of €2.1 billion, private asset management confirmed its growth potential. It relies on 500 business managers and experts in asset management and financial engineering from La Compagnie 1818 - Banquiers Privés -, from I-Sélection and Ciloger in real estate, and from Océor in tax-efficient industrial-investment solutions in the French overseas departments and territories.

Nuances Plus and *Nuances Privilège* life insurance policies remained the growth drivers, accounting for over 90% of net private banking inflows. The targeted policies of Compagnie 1818, *율Dédiance 1818, Loyaltie 1818* and *Multiance Cap 1818,* made strong progress, generating more than €136 million in net inflows in 2008.

Two new tax-efficient solutions were launched, *FIP Corse* and *Holding ISF.* The asset management offering grew with two new funds, *Elite 1818 Secteur Immobilier* and *Elite 1818 Valeur Bleue* for socially responsible investment.

There is a new online area reserved for high-net-worth customers on the Caisse d'Epargne Internet portal.

From 2009, 840,000 high-net-worth customers will enjoy a special level of attention and support, thanks to the arrival of specialized account managers in branches.

Natixis' two private banking institutions, La Compagnie 1818 and Banque Privée Saint Dominique are to merge, creating the fifth largest private bank in the French market [1].

(1) Source: cerclefinance.com, December 2008.

Loans

Resilience in home loans

On a 20% contraction in the home loan market, Group production was down 16% at €22.6 billion.

Caisse d'Epargne continues its efforts to help first-time buyers with the *Grandioz* loan and interest-free loans. It also launched *Adoucimmo*, a loan intended for senior citizens with lower repayments starting on retirement, and completed its first cross-selling deal with Nexity. Customers financed by Caisse d'Epargne in this deal with Nexity enjoyed a discount equivalent to legal fees.

Crédit Foncier extended its range of redeemable secured loans.

All networks worked to provide even better information for customers taking out adjustable-rate loans, and to make these loans more secure and easier to understand for borrowers.

Growth in consumer financing

With the market down 10%, consumer finance services grew by 7% with production totaling €5.5 billion, including €4.8 billion in personal loans. This performance was helped by the *IZICEFI* tool, which allows the Caisses d'Epargne network's 25,000 customer-facing employees to suit their offers to the needs and resources of their clientele.

The *Teoz* revolving credit card continued to enjoy robust growth, with nearly 187,000 accounts opened. A total of 1.9 million cards have been sold since the launch in 2002.

Teoz cards provide a highly flexible service appreciated by customers who can make purchases on credit without needing to visit their branch or take out a point-of-sale loan.

Non-life and health and disability insurance

In 2008, Groupe Caisse d'Epargne, France's third-largest *bancassureur*, used its banking networks to sell 441,000 non-life insurance policies managed by the GCE Assurances subsidiary. The quality of services rendered is reflected in surveys carried out in 2008 (1): on average, 94% of customers said they were happy with claims management, with 64% saying they were very happy.

The product range encompasses car insurance, home insurance, legal protection, and accident insurance. This last policy received the *Label d'Excellence 2008* from *Dossiers de l'Epargne*, an investment magazine.

More than 43,000 top-up healthcare insurance policies, developed in partnership with Macif, were sold in the Caisses d'Epargne network. This offer primarily targets young people, students, young workers, and young families.

Ecureuil Assistance Vie, an invalidity insurance policy managed by CNP Assurances, was introduced to the network in 2008. Paying out on the first signs of dependency, it offers complete coverage on anything from a fractured bone or worse. This policy also received the *Label d'Excellence 2008* from *Dossiers de l'Epargne*.

Professional customers

The Group enjoyed growth of 7% in the number of professional customers actively using its services. It also gained 11,000 new professional customers in 2008. Some 1,500 branch managers are specially trained to serve professional customers, over 1,000 specialist managers work exclusively on their behalf, and 500 private asset managers are at hand.

Well-established growth

With net banking income up 32% over the three years, and now topping €370 million, the professional customer segment is an important growth driver for Commercial Banking. This trend continued in 2008, with average daily account balances up more than 7% and more than €3 billion in loans granted. Over 72,000 *Business* cards have been issued in less than three years.

Various methods are used to better understand and satisfy the needs of professional customers, including *La Vie des Professionnels* observatory, which monitors customers' professional and personal lives and provides a gauge of quality. Frequently present at trade fairs, Caisse d'Epargne is forging close ties with franchised networks. It is also the sole banking partner of the *Artisans Mag'* and *Commerce Mag'* awards, which recognize craftspeople and storekeepers for their creativity and the quality of their development.

A well-rounded offer

Interest-bearing current accounts, packages for franchisees such as *Franchise & Vous* offering numerous account management services (remote banking, insurance, etc.), electronic payment terminals and secure Internet transactions all encourage the development of banking facilities.

Groupe Caisse d'Epargne offers a full range of products to serve specific financing needs, from business creation, to equipment loans, leasing, and business transfers or buyouts, all geared towards maximizing convenience and offering a tailored service.

Ecureuil Installation Pro, the new product aimed at people who set up or buy a professional business, is one example of this. It includes flexible loan deals that require no personal guarantees or mortgaging of the principal residence, a special banking and electronic payment package, and professional activity protection insurance.

The Caisses d'Epargne and OSEO put together a new agreement that extends the range of professional customers eligible for TPE-OSEO guarantees aimed at very small businesses, and makes them quicker to obtain.

(1) Source: CNCE surveys carried out each quarter of 2008.

In response to professional customers' demand for retirement and health and disability insurance products, the Group ushered in *Pro T-G*, which combines health and death/disability insurance, and voluntary tax-deductible contributions to personalized pension plans. Other additions to the professional product range during the year were *BOX OFFICE*, a new employee savings solution for Company managers and employees, and *Cesus* (prepaid payment vouchers used to pay employees providing punctual services), a highly regarded solution for topping up pay.

Regional development banking

Regional development banking, which covers all business markets, corporate customers, the public sector, social economy, social housing and real estate professionals, has proven its ability to drive growth in Commercial Banking within the Groupe Caisse d'Epargne. Relying on a strong local presence, Caisse d'Epargne is the banking partner of public and private players in regional development. Its products call on all the Group's expertise to finance customers' projects, simplify management and optimize investments. The use of business centers encourages cross-selling and synergies between markets, and helps improve operating and marketing processes.

Corporate customers

Working alongside one in every nine French companies, the Caisses d'Epargne network offers a broad variety of products developed using the expertise of the Cicobail, Natixis Lease, Natixis Interépargne, Natixis Garanties, Coface and Natixis Factor subsidiaries. GCE further expanded its range of products and services in 2008 to be ever more efficient in the assistance it offers businesses each day.

For example, *Facturéa Premium Export* and *Reverse* allow customers to manage their export receivables, either privately or by selling amounts outstanding. Export documentary credits have also been added to import documentary credits, sales of which rose by more than 60%. Online guarantees using an e-signature allow companies to be even more responsive. The *Global Affaires* package, designed to manage business expenses, provides a number of services in association with the *Visa Affaires* card, as well as new *Retraite collective* solutions.

Positive trends

Groupe Caisse d'Epargne has more than 28,000 corporate customers. Outstanding loans totaled €10.9 billion at the end of 2008, an increase of nearly 24%; deposits amounted to €11.1 billion, an increase of 30%; transactions processed exceeded €38 billion. Factoring soared: potential factored receivables now stand above €1 billion.

The Group remains one of the leading private-sector players in regional private equity, with €181 million in managed assets and €266 million invested in over 75 regional funds.

Greater resources

With the economy slowing considerably from the summer of 2008, the government implemented a plan to support businesses.

In October 2008, Groupe Caisse d'Epargne released a one-off sum of €1 billion for its corporate customers. In addition to that commercial effort, thanks to government measures designed to decentralize all or part of the funds collected in *LDD* and *LEP* savings accounts, the Caisses d'Epargne network has significant scope to continue providing effective support to businesses.

The social economy

Partner to nearly 230,000 associations, Groupe Caisse d'Epargne has deliberately made the social economy a core vehicle for its development, especially in the healthcare and medico-social sector, mutual health insurance and private education.

In 2008, GCE undertook numerous actions to structure this area of its work in such a way as to meet the specific needs of all players in the social economy, from management associations to institutions. The skill sets of the sales force working exclusively with these customers have been enhanced, giving staff a better understanding of legal and regulatory changes affecting notably healthcare and the social economy, and mutual insurers.

At the same time, the Caisses d'Epargne network continued to roll out specific products to local associations.

An active partner

The Caisses d'Epargne network gained a stronger foothold in the social economy in 2008. Average deposits increased by 11%. Net inflows amounted to €736 million, up nearly 27%, taking total savings to €4.9 billion at the end of December 2008. Loan production was €551 million, while average outstanding loans amounted to €2.6 billion.

Some 340 specialist employees work exclusively on the social economy. Caisse d'Epargne consolidated its presence in this sector, and increased its support. It took part in numerous forums and conferences (UNAF, UNAPEI, FEHAP, *Forum national des associations et fondations*, etc.), and has forged very close ties with important players in the social economy, including Ceges, UNIOPSS, FEGAPEI, Fnogec, Ciss, etc.

GCE launched new products and services, including mutual funds suited to the constraints placed upon management associations and local associations, the *Global Affaires* payment card for the business expenses of association employees, and luncheon vouchers issued to volunteer association workers.

With the *BOX OFFICE, Primissime* and *PERCO & Co* products, Caisse d'Epargne now offers employee savings and pension solutions to organizations working in the social economy. In addition to its range of banking services, it provides associations with a variety of information resources to assist them in their daily work, including the *Alinéa* quarterly newsletter, and help guides. Visits to the *www.associatis.com* portal dedicated to the association sector were up 30% in 2008, with an average of 52,000 visitors per month.

Persons under legal protection

Caisse d'Epargne is the number one bank for individuals under legal protection [1], with over 275,000 customers and a penetration rate of 32%. One protected person in three is a Caisse d'Epargne customer, with an account administered by a professional manager in 60% of cases, and a family guardian in the other 40%.

This stance reflects the Groupe Caisse d'Epargne's historical commitment to people under legal protection. It relies on the professionalism and commitment of dedicated teams, backed up by strong relations with family managers and guardianship bodies.

With the *Satellis Autonomie* package, and its international *Equilibra* interbank PIN-free withdrawal card for individuals in the greatest difficulty, Caisse d'Epargne provides responses designed to meet the needs of protected persons. Their guardians can also take advantage of Internet management services, which aim to make their job easier and support them in their work.

More than 70,000 copies of the quarterly newsletter, *Je Tutelle,* are sent to customers and other people involved in the sector. This publication is a benchmark in providing information concerning persons under legal protection.

Local authorities and institutions

Groupe Caisse d'Epargne is an important partner for local authorities and institutions: town councils, inter-municipal organizations, departments, regions, public health bodies and social services, and semi-private companies.

Exceptional financing

In a year marked by the municipal election and the renewal of executive bodies in 36,000 French cities and towns, by the launch of the 2012 Hospital plan on the public health sector, and by falling tax receipts, Groupe Caisse d'Epargne increased support for its customers, with the arrangement of €7.6 billion in medium and long-term loans.

Despite the financial crisis and pressure on borrowing conditions from October 2008, Groupe Caisse d'Epargne provided local authorities, the public health sector and social housing organizations with a total of €2.5 billion, supplementing other measures taken by government bodies. At the end of 2008, this money enabled local authorities to obtain the funding needed to continue their investment plans.

Crédit Foncier and Compagnie de Financement Foncier give Groupe Caisse d'Epargne distinct qualities that allow it to offer very long-term funding at competitive rates.

The Group also provides its customers with subsidized resources through its partnerships with the European Investment Bank (EIB).

In addition, it offers loans on optimized terms through set-ups including tax-driven lease financing.

Increased support

Market turmoil confirms the whole point of dynamic debt management. Caisses d'Epargne business managers have been working closely with local authorities and hospitals to offer management solutions to identify and prepare for any financial difficulties. A total of €2.4 billion has been restructured.

Adapted services

Groupe Caisse d'Epargne supports its public clientele in optimizing their management with advanced services. The *Carte Achat Public* card facilitates orders and payments with chosen suppliers and helps reduce payment times.

ServicePublicPLUS allows users to pay for municipal services over the Internet.

The range of electronic payment solutions was broadened in 2008 with the launch of the *Global Affaires* card specially designed to cover the business expenses of public and private customers of regional development banking. The first *Global Affaires* contract was signed with an inter-municipal organization.

In partnership with Accor Services, the *Cesu* payment voucher help with the payment of social services.

Well-informed elected representatives

The Group has published two practical guidebooks for new municipal authorities. As a lack of resources has meant that not all local authorities have what is needed to carry out a detailed financial analysis, the Group has provided each town and district in France with a *Diagnostic financier et socio-économique*. It has also sent out a *Guide du maire et du président de communauté,* which sets out the main aspects of financial management for local authorities in 12 thematic chapters including debt management, financial planning, public-private partnerships, and fiscal policy.

Caisse d'Epargne also launched *www.actionscommunes.fr*, a Web platform offering local government representatives an online forum in which they can discuss problems.

The Group continued its policy of participating in a large number of local authorities' institutional events. The 2008 editions of the *Ecodéfi* Local Authorities and

(1) Internal source.

Health forums, which each attracted over 300 financial decision-makers, provided the opportunity to create real synergies between participants, discuss current concerns and present the Group's experience in the field.

Sustainable development and capital appreciation

The Group is developing its role of senior banker in two areas where it enjoys an unrivalled set of skills [(1)]: sustainable development and the capital appreciation of real estate assets belonging to local authorities and institutions.

The Group has helped finance numerous public-sector investments that meet energy performance criteria. For example, the Alsace region has received a subsidized loan of €56.5 million to upgrade and improve the energy efficiency of its high schools.

Active management of real estate assets is also a promising way of relaxing the financial constraints that weigh on many projects. The *Gestion dynamique du patrimoine* guide published by Groupe Caisse d'Epargne in partnership with the *Fédération des maires des villes moyennes* suggests an analytical approach and possible ideas for optimizing property and land management.

Growth in international financing

The Group is developing its public-sector funding activities outside France with the help of Crédit Foncier's team of specialists and Compagnie de Financement Foncier's balance sheet. Loans totaling €3.4 billion were issued in nine countries in 2008.

Following the creation of a subsidiary in Geneva in 2007, the Group opened a sales office in Japan, an equally promising market.

Social housing

A long-standing partner of social housing organizations, GCE acts as banker and operator, and participates in the governance for a number of them. The leading privately owned bank on the social housing sector, it manages over one-third of the sector's cash, with inflows totaling €4.5 billion at the end of 2008. It also finances more than one-third of private debt held by Social Housing Enterprises (*ESH*) and Public Housing Offices (*OPH*), whose building work is largely financed with funds held in Livret A savings accounts.

Leading privately owned bank

Groupe Caisse d'Epargne offers a full range of loans, including regulated loans to build social housing (*PLS*), loans to facilitate home-ownership by low-income families (*PSLA*), intermediate rental loans (*PLI*), and a vast array of long-term financing to ensure the financial balance of certain operations.

In 2008, through Crédit Foncier, Groupe Caisse d'Epargne took part in two government-arranged regulated loan tenders. With €980 million borrowed, the Group is among the leading private issuers of such funds.

(1) Internal source.

Through regulated finance, various European Investment Bank (EIB) loans and its own resources, the Group has provided €1.4 billion in financing, bringing outstanding loans to social housing organizations to €9.2 billion.

The Group extended its range of term accounts and launched a new mutual fund with Natixis Épargne Financière.

The Caisses d'Epargne assists social housing organizations in their day-to-day work with specialist services including automatic cash management, remote transmission, electronic rent collection via interbank payment slips or the Internet (*SP PLUS* product range), dedicated purchase cards, and employee benefits planning.

Partnerships renewed

The Caisses d'Epargne contributes to the governance of more than 250 public and private social housing organizations. Previously appointed by law, Directors provided by Groupe Caisse d'Epargne are now chosen by local authorities and their offices. This reform of *OPH* governance presented an opportunity to draw up a Director's Charter, which formalizes the five commitments of Groupe Caisse d'Epargne Directors: independence, ethics, diligence, competence and support. Reappointments to the boards of social housing organizations reflect the quality of partnerships in place.

The Group is also a leading social housing operator, with over 146,000 units managed at the end of 2008.

While acknowledged to be at the heart of regional development banking, the specific market of real estate professionals (builder/developers and property managers) and public-private partnerships is covered in the Real Estate Services section, on page 21 of this report.

Specialist Commercial Banking subsidiaries

The Crédit Foncier group

An original player in real estate financing due to its global reach, Crédit Foncier works in close synergy with the Caisses d'Epargne network, individual customers, companies, institutions, local authorities, public and private groups. A key player in France, it plans to expand its international presence, having already gained a foothold in seven countries. Its subsidiary, Compagnie de Financement Foncier, one of the world's leading private issuers [(1)], provides Crédit Foncier and Groupe Caisse d'Epargne with first-class financial engineering.

Loans to private individuals

In a depressed economy, Crédit Foncier consolidated its market share by financing customers wishing to invest in real estate, without changing its operating methods. Production of loans to private individuals totaled €8.1 billion, a decline of 14%. Three new ranges of highly redeemable secured loans were launched: *Justéo, Périodimo* and *Possiblimo*, a fixed-rate loan with progressive monthly installments providing a welcome alternative to long-term credit.

Exceptional measures have been taken for 150,000 customers to secure repayments on adjustable-rate loans taken out to purchase a home.

In the regulated loan segment, Crédit Foncier is the leading distributor of loans to facilitate home-ownership for low-income families, with a 32% [(1)] market share. It ranks second for new interest-free loans, with 17% of the market [(1)], and is an active partner to local authorities offering their constituents financial assistance or subsidized loans.

Loans to businesses, institutions, local authorities and government bodies

New loans to this sector amounted to €11.4 billion, down 19%.

Loans to private operators came to €3.9 billion in a much slower market.

For public operators, 2008 was a busy year: the social housing sector benefited from financing of €1 billion in the form of regulated loans (*PLS, PLI, PSLA*) and very long-term finance. The Caisses d'Epargne network issued €3.1 billion of loans to French local authorities.

Internationally, direct purchases of mortgages loans were halted until market conditions stabilize. New loans to the public sector amounted to €3.4 billion in nine countries. In July 2008, Crédit Foncier established the Swiss Public Finance Solutions joint venture in Geneva [(2)]. By the end of 2008, it had also opened a sales office in Japan, one of the biggest markets in terms of local authority borrowing requirements.

Secured financing

On an increasingly difficult market that ground pretty much to a halt in the second half of the year, Compagnie de Financement Foncier continued its refinancing work on behalf of Groupe Caisse d'Epargne.

Relying on its image of solidity and security, it issued more than €8.5 billion in covered bonds on terms very similar to those of 2007. These bonds were noteworthy for their stability.

The loyalty shown by its investors (central banks, pension funds, and mutual funds) illustrates the trust placed in its business model and the quality of its management. The transparency of its structure, the security offered by regulatory controls, the diversity and quality of its asset portfolio, its prudent management and significant liquidity all reassured the markets.

The Océor group

Groupe Caisse d'Epargne's Commercial Banking arm for French overseas departments and territories and foreign countries, the Océor Group comprises 12 banks and a services division with subsidiaries specializing in tax-efficient solutions, financial engineering and leasing. Océor is present in Guadeloupe, French Guiana, Martinique, Mayotte, New Caledonia, French Polynesia, Reunion Island, Saint-Barthélemy, Saint-Martin, Saint-Pierre-et-Miquelon and, internationally, in Luxembourg, Morocco, Mauritius and Tunisia. Financière Océor draws up and manages the growth strategy, and directs all operations.

The Océor group's net banking income rose by 7% to €295.8 million in 2008.

Pooling and enhancing resources

Océor started to implement the *Convergence* program to share back-office tasks for its banks in overseas departments and territories, and at the same time reallocated resources in favor of commercial development. From investments to loans, means of payment, non-life and health and disability insurance, and asset management, several new products were launched and a total of €50 million made available to local authorities, hospitals and social housing organizations in French overseas departments and territories to finance infrastructure building.

Internationally, Groupe Caisse d'Epargne focused particular attention on expansion in the Mediterranean basin. In 2008, Océor tightened its relations with Lebanon's Fransabank and acquired a 60% stake in Banque Tuniso-Koweitienne. Océor is a member of the group of ten Euro-Mediterranean banks founded at the Group's behest. Twenty firm projects were undertaken to facilitate remittances by migrant workers in Europe, develop common financial and banking products, encourage savings with a view to productive investment, and increase financing of SMEs and infrastructure.

Banque BCP

Very active among private individuals and business customers of Portuguese and Polish extraction settled in France, Banque BCP offers appropriate financing and services. It has 63 branches, 43 of which in the Paris area.

New products and an upgraded commercial structure saw Banque BCP enjoy a good year in 2008, with loans, deposits and life insurance all up. Net banking income totaled €72.7 million and net income €12 million.

(1) Source: FGAS.

(2) Joint venture with Caisse d'Epargne Rhône Alpes and Banque Cantonale de Genève.

Banque Palatine

Banque Palatine helps small business owners manage their personal and business assets.

As a "business and private bank," it provides entrepreneurs with access to all areas of banking: financial advice, cash management, online banking, financing, M&A, etc.

It has 54 branches, over half of which have been completely refurbished in the last three years, improving brand visibility and the reception given to customers.

Building on its 2012 business strategy, Banque Palatine has begun a new chapter in its development, based on sales drives and profitability.

Initiatives and expansion

In 2008, Banque Palatine stepped up its expansion in the corporate sector by creating an international department. Looking beyond its renowned expertise in trade services, it expanded its product range to shore up SME clients in their import/export and foreign investment activities.

To consolidate its global approach to SME's private wealth and business capital, the bank created a private banking department, *Palatine Gestion Privée*. It also established Palatine Direct, a direct bank that looks after the day-to-day banking operations and investments of nearly 22,000 customers.

At the end of 2008, Banque Palatine acquired Crédit Foncier's banking concerns. This addition is an important one. It involves more than 3,000 corporate customers, property managers and realtors (40,000 accounts) and 24,000 individuals (41,000 accounts and contracts) representing a total of 16 million transactions per annum. This takeover made Banque Palatine a leading player among property managers.

Some 101 Crédit Foncier employees moved to Banque Palatine. Net banking income amounted to €220.8 million in 2008.

1.6.2 Insurance and personal care services

Insurance is one of Groupe Caisse d'Epargne's most powerful growth drivers. In a rapidly growing market, the Group is looking to consolidate its positions as designer and distributor of insurance products, and as service provider. Having restructured its business subsidiaries and expanded its Insurance division to include Services, the Group is able to provide customers with a comprehensive range of insurance, personal care and assistance services, in partnership with leading insurers Macif and MAIF.

Life insurance

Groupe Caisse d'Epargne is France's third-largest *bancassureur* in life insurance [(1)].

Its networks are built around Ecureuil Vie Développement, which oversees life-insurance operations, and CNP Assurances. The CNCE and La Poste have a jointly owned 35.48% stake in CNP Assurances via their Sopassure joint venture.

Ecureuil Vie Développement and CNP Assurances

Against a backdrop of very challenging market conditions, life insurance revenues contracted sharply due to the financial crisis and competition from bank savings accounts, which were helped by their high interest rates and high liquidity.

Fall in life-insurance inflows

Group network inflows were down 21% at €7.9 billion. Given the circumstances, there was a clear move towards safer instruments: three-quarters of sales went to non-unit-linked products. The surplus came to €1.8 billion.

The Group extended its life-insurance range with two products combining security, simplicity and availability for those over the age of 55 saving primarily for retirement.

For those wishing to avoid risk altogether, *Yoga* is a non-unit-linked policy that pays a steady income.

For those looking to diversify their investments within a secure environment, *Aïkido* is a policy with 80% invested in non-unit-linked funds and 20% in a limited choice of three mutual funds, including one socially responsible investment vehicle. Capital gains are automatically reinvested in the non-unit-linked portion of the contract.

Acclaimed performances

Each year, Caisse d'Epargne's life insurance policies are rewarded in the financial press.

In 2008, *Nuances Privilège* and *Plan d'Epargne Retraite Populaire Caisse d'Epargne* received *Label d'Excellence* awards from *Dossiers de l'Epargne*. *Initiatives Plus* won the *Le Revenu* gold medal; *Nuances Privilège* won the silver medal and *Nuances 3D* the bronze.

(1) Source: G11.

Labeling of products

Caisse d'Epargne's life insurance products were the first to be labeled according to the *Bénéfices Futur* charter. Policies are assessed according to three criteria: security, indicating the level of capital protection; responsibility, which establishes the extent to which social and environmental considerations are taken into account when designing products; and climate, with information on the annual greenhouse gas emissions of companies, states or activities financed by the investment.

Strong growth in death insurance

With the support of *Garantie Urgence,* death insurance continued to record excellent growth with more than 142,000 new policies taken out, an increase of 42% on 2007.

CNP Assurances

CNP Assurances generated revenue of €28.3 billion in 2008. Recurrent net income rose by 26% to €1,411 million, while published net income dropped by 40% to €731 million.

Other Insurance and Services

In 2005, Groupe Caisse d'Epargne agreed a strategic partnership with Macif and MAIF. It operates in the field of non-life insurance, top-up healthcare insurance and personal care services. For Macif and MAIF members, it is preparing a banking package suitable for sale on an insurance network.

Fiscal year 2008 was full of achievements.

In non-life insurance, Macif and MAIF acquired stakes in GCE Assurances, and took seats on the Board.

In personal care services, the three partners continued to market the package managed by Séréna, which is jointly owned with *Mutuelle générale de l'Education nationale* (MGEN).

The partners also finalized banking agreements. The CNCE acquired a 10% stake in SOCRAM, which will host banking services designed for Macif and MAIF members. The two networks are due to test these facilities in 2009.

Non-life insurance – GCE Assurances

GCE Assurances looks after the Group's non-life insurance, payment protection and top-up healthcare insurance activities. In 2008, Macif and MAIF acquired 25% and 15% of the company's shares respectively, while operational cooperation accelerated.

Two new policy-issuance and claims-management IT systems are enhancing operational productivity. The merger of back-office tasks at a special-purpose subsidiary, GCE APS, has industrialized processes and improved network assistance. Macif now lends its expertise in the management of serious personal injury claims.

A customer satisfaction appraisal scheme was launched, and the Group's insurance policies have been added to the Caisses d'Epargne website, in a special section that will offer interactive services in 2009.

Moving in the right direction

With 441,000 policies sold, the portfolio was approaching two million units at the end of 2008, an increase of 190,000. Sales were up 5.3%.

Growth was particularly strong in multi-risk home insurance, while sales of top-up health insurance held up well. Developed with Macif, which looks after the management, this package has been available throughout the Caisse d'Epargne network since the beginning of 2008.

Payment protection insurance enjoyed a bumper year, mainly because pricing can be adapted to suit various Caisses d'Epargne customer profiles.

Satisfactory, well-handled claims settlement and the prudent management of financial assets saw GCE Assurances generate net income of €14.7 million (French GAAP), in line with expectations.

Personal care services

All the Caisses d'Epargne offer *Ecureuil Sérénité Services*, which rely on Séréna, a national personal care service operator created with Macif, MAIF and MGEN.

With ACE, its joint venture with Accor Services, the Group also issues local authorities, employers and business committees with *Cesu* prepaid payment vouchers for ponctual employees providing personal services.

In this way, Groupe Caisse d'Epargne provides a comprehensive range of services to encourage access to, and the development of, personal care services for all types of customer.

Séréna: 65,000 family customers

Séréna is a turnkey personal care services solution: simplicity in the form of a single contact number, security with a commitment to quality, flexibility with the freedom to change an account manager on request, and peace of mind with no employers' responsibilities or anything to pay up front. Séréna has carefully selected nearly 800 service providers in the fields of child minding, tutoring, care for the elderly or infirm, household work and, since 2008, gardening and IT support. Some 34,000 new clients took advantage of this in 2008. With 1,850,000 hours of services in the home arranged since its launch, Séréna has become one of France's leading all-inclusive brands.

ACE: second-biggest issuer of *Cesu* payment vouchers in France

ACE, whose *Cesu* prepaid payment vouchers can be used to pay ponctual employees, associations, companies or even concierge services, has taken full advantage of buoyant demand. Its issuance reached nearly €101 million, representing market share of 35%.

In 2008, ACE launched an electronic billing option, which allows users to pay their service providers directly online, without having to deliver paper documentation. This innovation should be of particular interest to *Cesu* financers (companies, local authorities, etc.) seeking a flexible, easy-to-apply solution.

Services for the elderly – DomusVi

In parallel with the design and distribution of insurance products, the Group is active in service delivery. The Caisses d'Epargne Foundation for Social Solidarity, for example, has established itself as a key player in the health and social sectors. With DomusVi, the Group has gained a foothold in the private sector.

CNCE and Macif each hold a 17% stake in DomusVi, which manages 92 care residences, 20 home help agencies, six serviced accommodation units and ten establishments offering consultations, surgery and out-patient treatment in France and Quebec.

Groupe Caisse d'Epargne and the Macif group are thereby contributing to the long-term development of services for the elderly, in synergy with banking and insurance activities.

1.6.3 Real Estate Services and Social Housing

Groupe Caisse d'Epargne is active at all levels of each different aspect of real estate services, with strong positions in project financing and social housing. From urban development to investment products, it is building a seamless offering for its customers – individuals, businesses, institutions and local authorities. Various entities work in direct synergy with Caisses d'Epargne and Crédit Foncier networks: Nexity for urban and private real estate development, Maisons France Confort for single-family homes, GCE Habitat for social housing, and GCE SEM for stakes in local authorities' semi-private realtor companies.

Real Estate Services

The Group is active along the entire value chain, from the financing of property development, referrals, public-private partnerships (PPPs), indirect investment, offers to real estate professionals, to own portfolio management. It is committed to fostering interaction between its various entities to create a vast range of products.

Organizing synergies

Groupe Caisse d'Epargne is a major player in the financing of real estate projects, whether they be carried out by developers, private investors, public bodies – especially in the areas of social housing and structured PPP transactions – or its own subsidiaries and affiliates in the productive sector.

The year was notable for the impact of the financial crisis on sales and housing starts. With this in mind, the Group invested heavily to structure its real estate division, boost its industrial and commercial efficiency, and tap into intra-group synergies.

These decisions resulted in loan referral agreements, the development of advisory and property search services, and joint responses to several calls for tender.

At the same time, the Group increased its presence at major business events for real estate professionals, and sought to upgrade the Internet resources available to its different types of customer.

To optimize management of its own assets, the Group also created a collective real estate investment fund, *Actifs Immo Exploitation*, with its Ciloger subsidiary. Its aim is to purchase real estate assets from groups looking to raise funds.

Recent advances

A long way before urban development projects get underway, Caisses d'Epargne banks ally their skills with those of Nexity-Villes & Projets, GCE Habitat and GCE SEM in projects that cover private and social housing, office development and community infrastructure. In one of its biggest undertakings, Groupe Caisse d'Epargne participated in the Lyon Confluence development area and in the renewal of the Marseilles docks as part of the Euroméditerranée project.

Arranger-lender, financial advisor and investor, the Group has also taken a leading position on the public-private partnership (PPP) market, which can raise public investment without increasing central and local government debt. In particular, the Caisses d'Epargne can rely on the experience of Crédit Foncier in PPP montages for purposes of project financing or property leasing.

GCE signed more than €1 billion of PPP contracts in 2008.

Thanks to its involvement with central government to develop products aimed at facilitating home-ownership for low-income families and other first-time buyers, such as *PASS-FONCIER®* and *Ma maison pour 15 euros par jour®*, the Group has become one of the very first French banking groups to offer competitive solutions in this customer segment.

Nexity, an integrated player in the real estate industry

Nexity covers all aspects of real estate services for private individuals, institutional investors, local authorities and companies. Leader in various market segments – urban renewal, development (homes, offices and industry), individual and business services, realtor branch networks and asset management – Nexity provides a comprehensive solution to customers' needs throughout the country. In return, it benefits from a wide diversity of revenue streams, some of which are recurrent, which is a real bonus.

The CNCE is Nexity's largest shareholder with nearly 40% of capital. Synergies primarily relate to urban development operations led jointly with GCE Habitat, management networks, real estate transactions and coordinated offers to businesses and private individuals.

Highly reactive management

In the considerable turmoil of the financial and economic crisis, Nexity was quick to take steps to adapt its offering, structures and organization, and to reduce its borrowing requirements and overheads.

110 housing projects that were being marketed too slowly were abandoned, and 19 land development projects frozen. Launches were cut by 40% in the second half of 2008. Local networking was tightened by merging structures, while two European sites closed in Portugal and the Czech Republic. Nexity is concentrating on the most competitive products and most profitable sectors in each area of activity. Thanks to these tough measures, the group will be ready to swing back into action when the market picks up.

Conquering new markets

In 2008, Nexity created a social housing department focused on social housing operators and residential land development, as well as a Process and Sustainable Development department to speed up the spread of innovations to all business lines.

The group continued its conquest of new markets with a move into development for the services industries in regional centers and the creation of a Hotels department.

It pursued its involvement in major urban projects and signed major real estate deals in the services industry.

Nexity also expanded its range of services to private individuals with the creation of a particularly extensive services platform.

Maisons France Confort, a builder of single-family homes

Maisons France Confort (MFC) is the second largest builder of single-family homes in France. Founded 90 years ago, it is seen as a benchmark for the profession, through nearly 5,000 homes delivered in 2008. It is present in 19 regions of France, through nearly 240 sales outlets. Groupe Caisse d'Epargne formed an industrial partnership with this family-owned group, floated on the stock market in 2000, acquiring a 23% stake in March 2008.

The two groups share a common culture, with strong local presence and a real commitment to sustainable development.

Maisons France Confort adheres to the *Constructeur citoyen* charter, which includes six pledges and a yearly action plan, the results of which are measured frequently.

In association with Maisons France Confort, the Caisses d'Epargne network and Crédit Foncier were among the first to sign the charter entitled *Propriétaire de ma maison pour 15 euros par jour®* (owner of my house for €15 a day). The scheme was launched by the Ministry of Housing and Cities for the benefit of young low-income earners buying their first home.

Solid foundations to prepare for the future

In 2008, the Maisons France Confort group generated sales of €498.2 million, representing a slight increase of 2% thanks to several acquisitions. The drop in orders, particularly at the end of the year (-14.3%), was well below the sector average (-23%). The group has solid fundamentals with rising free cash flows, an increase in synergies with Groupe Caisse d'Epargne (loans to buyer) thanks to their matching clienteles, and a highly adaptable operating structure with little in the way of fixed costs (11%).

Meilleurtaux, a mortgage broker

A major player in the Internet mortgage brokerage market, Meilleurtaux allows private individuals to optimize their real estate financing through a panel of over one hundred financial partners. Oterom Holding, which includes CNCE, Nexity, Macif and MAIF, holds the majority of the capital in Meilleurtaux, which is listed on the Eurolist board of Euronext Paris.

Eurosic, a listed real estate company

Eurosic is GCE's listed real estate company. Its purpose is to create, add value to and manage real estate assets and provide long-term support for its tenants-users.

Controlled by Nexity and Banque Palatine, Eurosic owns and manages more than 150,000 m² of office space in Paris and the surrounding region, including the CNCE headquarters. It also owns leisure properties with nearly 8,200 beds run by Center Parcs and Club Med, as well as 14 refrigerated warehouses leased to the same operator. Some 41,000 m² of office space is under development in Paris, La Défense and Boulogne-Billancourt.

Its portfolio was estimated at €1.4 billion at the end of 2008, with office buildings in Paris and the surrounding region accounting for two-thirds of this.

Social housing

GCE Habitat, a major player

GCE Habitat plays an important role as Groupe Caisse d'Epargne's main social housing operator, leading the Group's network of Social Housing Enterprises (*ESH*) and providing expertise to the CNCE. The number one privately owned bank for Social Housing Enterprises, present on the board of 40% of these, and the leading distributor of loans to first-time buyers, Groupe Caisse d'Epargne is also one of the top social housing operators, with more than 146,000 units managed by its 16 Social Housing Enterprises and production of around 4,000 homes per year.

GCE Habitat operates in four main areas: social housing, nursing homes, real estate services and international real estate.

Through the seven Social Housing Enterprises with which it is associated, GCE Habitat manages a portfolio of nearly 68,000 subsidized homes on the rental market.

These companies are structured around two regional divisions: Logirem group, leading operator in the Provence-Alpes-Côte d'Azur and Languedoc-Roussillon regions, and SIA group, second-largest private operator in Nord-Pas-de-Calais, whose reach will extend to Picardie and Ile-de-France with Viléal Habitat from 2009.

Renewed commitment

GCE Habitat had to operate against the difficult backdrop of both real estate and financial crises: shortage of land, rise in building costs, high interest rates and a shifting regulatory framework.

Nevertheless, business held up on the back of housing shortages in areas where the Group is present. This situation reduced the impact of the crisis for GCE Habitat subsidiaries, which for the moment at least are proving counter-cyclical, and which in 2009 will benefit from lower interest rates.

Under demanding circumstances, the Group reaffirmed its commitment by concentrating on regions with the greatest needs – Nord, Ile-de-France, Provence-Alpes-Côte d'Azur, Languedoc-Roussillon – and looking for long-term solutions for low-income families.

GCE Habitat's seven Social Housing Enterprises were responsible for over 1,500 social housing starts. Deliveries have risen sharply: nearly 1,128 homes as opposed to 965 in 2007.

Nursing homes and social residences

GCE Habitat owns a share of the Caisses d'Epargne Foundation for Social Solidarity nursing homes, and builds or purchases new establishments on its behalf. There are two special subsidiaries working exclusively on this partnership: Axentia for regulated homes for dependent seniors and Sofari for the open market. At the end of 2008, the two subsidiaries owned nearly 2,000 beds in 28 establishments.

Numerous development projects are under consideration with the Foundation and other managers.

Le Cercle des ESH

Alongside GCE Habitat, the Group has eight Social Housing Enterprises, whose capital is predominantly owned by the regional Caisses d'Epargne, as well as ERILIA, a Social Housing Enterprise owned by the CNCE. This represents a total of 146,000 social housing units.

Launched as an association in 2008, *Le Cercle des ESH* includes all of the group's Social Housing Enterprises. The goal is to share knowledge and experience. GCE Habitat arranges and leads working groups on topics such as home ownership, subdivisions, home maintenance, quality of service and sustainable development.

ERILIA, an innovative player

With 46,000 housing units and an annual investment budget of about €300 million, ERILIA is a key player in social housing at the national level. Rental homes, social residences, retirement homes, accommodation for students and seasonal workers or homes for first-time buyers: all are notable for their quality and their consideration of the environment and sustainable development.

Highly active in the field of urban regeneration, ERILIA is present at 18 ANRU (National Agency for Urban Renewal, or *Agence Nationale pour la Rénovation Urbaine*) sites in 14 towns and cities.

In 2008, ERILIA continued to post strong business growth in the South of France, the Rhône-Alpes region and along the Atlantic shoreline. The subsidiary also embarked on its first projects in the Paris region.

It delivered 3,117 homes including 1,900 new builds and 1,217 renovations. A further 1,367 are under construction and 1,700 under renovation. In particular, ERILIA completed a total of 226 student accommodation units. A further 164 are currently in the pipeline.

Two real estate complexes were put up for sale in Marseilles. The tenants were supported throughout the purchase process, in direct collaboration with local Caisse d'Epargne and Crédit Foncier teams.

GCE SEM, working exclusively with semi-private companies

Groupe Caisse d'Epargne is the largest private shareholder of semi-private companies in France, with stakes in nearly 500 (out of a total of 1,140 semi-private companies), 43 of which housed under GCE SEM.

With over €83 million invested, GCE SEM holds stakes in real estate semi-private companies creating business in the fields of urban renewal, property development (social and mixed housing), commercial and industrial premises, offices, equipment, fittings and services.

GCE SEM offers its services for investment, expertise, advice and financial analysis, as well as management and production.

In 2008, GCE SEM completed its offering by proposing training courses and help on renewable energy projects. It also created a special purpose structure for the development and financing of early childhood services, DéFi Crèche, whose role is to provide suitable responses to local authorities' concerns about child minding. The initial results obtained by the first two Caisses d'Epargne involved in the process at the end of 2008 (Caisse d'Epargne Provence-Alpes-Corse and Bretagne-Pays de Loire) were very encouraging.

1.6.4 Wholesale Banking & Financial Services

Under the joint ownership of the Caisse d'Epargne and Banque Populaire Groups, Natixis provides its customers, corporates, institutional investors, insurance companies and banks with financial and banking solutions in five areas: corporate and investment banking, asset management, private equity and private banking, investor services and receivables management.

Corporate and Investment Banking

The Corporate and Investment Banking division offers a wide selection of products including loans, cash flow solutions, capital market instruments, structured financing, securitization, advisory services and financial engineering.

Focused on maintaining close ties with its customers and building breadth of knowledge in different sectors, it draws on the expertise of all Natixis divisions, the wide array of skill-sets available in the Group and first-class research to provide high value-added solutions.

In 2008, the Corporate and Investment Banking division closed its proprietary trading and more complex market activities. Refocused on its customers, it is split into three business lines (Corporate and Institutional Relations, Debt and Financing, Capital Markets), and two regional platforms, North America and Asia.

Corporate and Institutional Relations

Natixis manages relations with customers in France and abroad, and takes direct responsibility for straight financing, cash flow solutions and M&A advisory services.

In 2008, Natixis helped finance the several important takeovers: British Energy by EDF, Neuf Cegetel by SFR, Danisco by Nordzucker and Endesa by Acciona.

In terms of cash flow solutions, in January 2008 Natixis was the first European bank to issue the new SEPA [1] transfer on the Euro Banking Association's clearing system.

In mergers and acquisitions, Natixis advised Gaz de France on the disposal of Coriance, IBM on its takeover bid and buyout bid for ILOG, and La Poste on the sale and leaseback of some of its buildings.

(1) Single Euro Payments Area.

Debt and financing

Highly active in the transport sector, Natixis currently finances nearly 500 aircraft and in 2008 arranged and syndicated more than 30 transactions on marine and land assets.

In project financing, the bank is a global player in the infrastructure, environment, PPP, electricity and renewable energy, natural resources, and telecom sectors. In 2008, Natixis received six "Best Financing of the Year" awards from the *Project Finance* and *Project Finance International* magazines.

In takeover and LBO financing, Natixis ranks second in France by deal value [(1)].

In commodities financing, *Trade & Forfaiting Review* named Natixis "Best Trade Bank of the Year" in the metals category and five deals won "Best Deal of the Year" awards from *Trade Finance* magazine.

In property financing, Natixis is number one in France, with six deals arranged.

In the syndicated loan market, Natixis sits in tenth place in the Europe, Middle East and Africa zone [(2)], with 45 deals completed as lead manager and book runner, including Rexel, Grupo Planeta, Groupe Gascogne, Faurecia, Cofidis, Nordzucker and Orchestra.

Capital Markets

In the primary bond market in 2008, Natixis ranked among the top ten best performing banks [(3)] in the euro market. It remains one of the leading banks for euro-denominated covered bonds, and has confirmed its position at the head of public sector and French corporate issuers.

Natixis managed several major issues, including GDF Suez, voted "Deal of the Year" by *International Financing Review (IFR)* and *Credit Magazine*, as well as Danone, Lafarge and Bouygues – each for over €1 billion.

In the primary equity market, Natixis and Lazard-Natixis are ranked number one in terms of the number of transactions [(4)], with 11 transactions as lead manager and book runner, and number four in terms of value [(5)].

The foreign exchange sector, which now provides round-the-clock service from Singapore, Paris and New York with an extended product range, recorded the world's second-biggest increase in transaction volumes [(6)].

On commodities markets, Natixis continued to develop its offering, particularly in terms of risk hedging.

Asset Management

Natixis Global Asset Management offers a wide range of expertise and investments to institutional investors, corporates, distribution networks and major private investors. The division comprises around 20 specialized management companies in France, the United States and Asia, with the support of a global distribution network.

A major player

Natixis Asset Management ranks among the leading asset managers in France. It manages the bulk of mutual funds distributed on the Caisses d'Epargne network. In 2008, Natixis Épargne Financière, a distribution body shared by the Caisses d'Epargne and Banques Populaires networks, was created to support the marketing of these products.

In 2008, the economic and financial crisis affected the global asset-gathering market. The amount of assets under management by Natixis Global Asset Management totaled €446.7 billion at the end of 2008, including €294.1 billion in Europe. Net banking income came to €1.36 billion, with positive earnings.

Private Equity and Private Banking

This division houses all business lines presenting synergies and complementarities, including the buy-in/buy-out segment and investments in unlisted companies.

Leading private equity partner for medium-sized companies

Natixis Private Equity is the French leader in dedicated SME private equity, with 18 teams comprising more than 190 professionals, 695 investments and nearly €4 billion in equity under management at the end of 2008.

It is active in all areas of private equity: venture capital, expansion capital, buy-in and buy-out, and funds of funds. It supports all funds managed by its various teams from their inception, and remains the primary investor.

(1) Source: Agefi Hebdo/Dealogic, issue dated February 5-11, 2009.
(2) Source: Dealogic.
(3) Source: IFR ranking N° 1765 dated January 10, 2009.
(4) Source: Bloomberg.
(5) Source: Bloomberg.
(6) Source: Euromoney 2008.

The largest institutional investors are present in its funds, to entrepreneurs' advantage.

Private Banking

The Private Banking operating line, which had €13.6 billion in assets under management at the end of 2008, employs more than 500 people serving three main clienteles:

- direct wealth management customers;
- Caisses d'Epargne and Banques Populaires networks with specific offerings;
- independent wealth managers, with a platform offering a substantial range of products and services.

The Private Banking business line is structured around Natixis Private Banking International in Luxembourg and Banque Privée Saint Dominique and La Compagnie 1818 – Banquiers Privés – in France. These two establishments are to be merged to create a first-class private bank available to the Caisses d'Epargne and Banques Populaires networks.

Investor Services

These operating lines design products and services that are primarily marketed by the Banques Populaires and Caisses d'Epargne networks. The industrialization and pooling of systems and processes mean that competitive offers can be developed.

Competitive offers

Natixis Assurances covers life insurance, health and disability insurance and non-life insurance. It is France's fourth-largest *bancassureur* in non-life insurance [(1)].

Natixis Garanties is the second-ranking in guarantee insurance in France [(2)], with strong positions in the real estate sector.

Natixis Lease is number two in France for real estate leasing [(3)] and number four for equipment leasing [(4)] with contracts totaling €7.5 billion at the end of 2008.

Natixis Financement is ranked four for consumer finance services in France [(5)]. Loan outstandings rose from €4.5 billion at the end of 2007 to €6.9 billion at the end of 2008.

Natixis Interépargne, Natixis Intertitres and Titres Cadeaux [(6)] help with the compensation and employee benefits policies of companies and self-employed people.

Natixis Pramex International advises companies on their international expansion, with a network of experts in 16 countries.

Payments and Securities: a high level of services

Natixis Paiements processed 3.6 billion interbank and 1.6 billion card transactions in 2008. It is the third-largest electronic banking operator in France [(7)].

Custody

Natixis EuroTitres is the French number two in retail custodial services [(8)] while CACEIS [(9)] is the world number ten for institutional custodial services [(10)].

Receivables Management

This division provides companies with solutions to manage, protect and finance their trade receivables. Coface Holding houses the activities of Coface and Natixis Factor.

Among the global leaders

Its four operating lines present close synergies and each are among the global leaders of their sector. Coface is the world number three in credit insurance, number four in receivables management, number five in corporate information and number six in factoring [(11)].

In France, Coface Holding also provides public procedures management for export guarantees, notably market survey cover, medium- and long-term export credit insurance, foreign exchange risk cover and foreign investment insurance.

In 2008, Coface Holding generated over 63% [(12)] of its consolidated sales outside France. Coface Holding is directly present in 65 countries and boasts unrivalled geographic coverage in each of its businesses.

(1) Source: G11 2008.
(2) Internal source.
(3) Source: ASF study, March 2008.
(4) Source: BNP-Paribas Lease Group study, January 2008.
(5) Internal source.
(6) Source: joint venture between Natixis and Banque Postale.
(7) Internal source.
(8) Internal source.
(9) Joint subsidiary with Crédit Agricole S.A.
(10) Source: Global Custodian.
(11) Sources: Coface, from ICISA (for loan insurance) and FCI (for factoring).
(12) Source: Coface business report.

1.7 Outlook

1.7.1 Approval of merger principles between Groupe Banque Populaire and Groupe Caisse d'Epargne

Press release issued jointly by Groupe Banque Populaire and Groupe Caisse d'Epargne on February 26, 2009

Paris, February 26, 2009 – Banque Fédérale des Banques Populaires's (BFBP) Board of Directors and Caisse Nationale des Caisses d'Epargne's (CNCE) Supervisory Board, meeting on February 24, and February 26, 2009, approved the merger principles regarding the two central bodies that will lead to the creation of France's second largest banking group.

The new group will be supported by two complementary autonomous networks, and two distinct brands. The new entity will consist of around 34 million customers, over 7 million member-stakeholders and a deeply rooted network, thanks to 7,700 branches, and almost 110,000 employees. The new group will have Tier-1 capital of €38 billion and 22% of French bank total deposits standing firmly as a first-rate entity funding the economy: i.e. personal customers, small businesses, SMEs and large corporates.

The retail banking business will be the focus of the new group, essentially concentrating on the domestic market. In addition, Natixis will steadfastly pursue its transformation plan.

The merger plan is based on the creation of a new central body, common to the Banque Populaire bank and Caisses d'Epargne networks. The central body will be held equally between the two Groups and include their main retail banking subsidiaries and production entities (Natixis, Société Marseillaise de Crédit, SIBP (excluding VBI), Financière Océor, GCE Assurances, BCP France, BCP Luxembourg, DV Holding and the indirect 17.7% stake in CNP). The technical and human capabilities of BFBP and CNCE required to perform the duties of a central body will also be included in this new entity.

The subsidiaries of the real estate division of the two Groups (Crédit Foncier, Nexity, Foncia, Meilleurtaux) as well as the other interests of the two central bodies (notably Banca Carige, Banque Palatine, DZ Bank and MaBanque) will be kept initially by CNCE and BFBP.

The French State, who had favourably welcomed the merger plan, has wished to support the establishment of the new group by proposing an equity contribution in line with its policy of supporting major French banking groups. In this way, the government has stated that it intends to subscribe to preference shares without voting rights and perpetual deeply subordinated notes (TSSDI) issued by the new central body, for a maximum amount of €5 billion. The government support will enable the new group to benefit from a robust and durable capital structure. The preference shares will be convertible into ordinary shares, under certain conditions, leading the State to hold up to a 20% stake in the new central body.

The merger will also facilitate the combining of Natixis' ownership structure, whose governance will be simplified. In this respect, at the Annual Shareholders Meeting called to approve the 2008 financial statements, the transformation of Natixis into a Company with the separation of roles between Chairman and chief executive with a Board of Directors will be proposed.

The new central body will be a French joint stock company governed by a Management and Supervisory Board. In addition to two employee representatives, the Supervisory Board will include 18 members: seven members will represent Groupe Banque Populaire, seven members will represent Groupe Caisse d'Epargne and four members will be appointed by the French State including two members nominated as independent directors.

The first chairmanship of the Supervisory Board will be occupied by a member from Groupe Banque Populaire until the start of the calendar year following the second year after they have commenced their duties. To this end, the BFBP Board of Directors has decided to propose Mr Philippe Dupont to occupy the position of first Chairman of the Supervisory Board of the new central body. At the end of the term of office of Mr Philippe Dupont, the position of Chairman of the Supervisory Board of the new central body will be subject to alternation between the two groups every two years. The appointment of Mr Yves Hubert, currently Chairman of CNCE's Supervisory Board will be proposed for the position of first Vice-Chairman of the new central body.

Mr François Pérol has been nominated as the Chairman of the Management Board of the new central body. Mr François Pérol has also been appointed to Natixis' Supervisory Board and will be the Chairman. Mr Dominique Ferrero, in his capacity as Chairman of the Management Board, will be responsible for the general management of Natixis.

To speed up the merger momentum, and to facilitate the best possible coordination of the work leading to its effective creation, Mr François Pérol has been appointed as of March 2, 2009 Chairman of CNCE's Management Board and Chief Executive Officer of BFBP.

The parties concerned continue their work and expect to obtain the required authorizations with the intention of signing the final agreements before the end of the first half of 2009. The employee representative bodies will naturally be consulted on the project, according to the legal and regulatory requirements in force.

1.7.2 Signature of a Negotiation Agreement between Groupe Banque Populaire and Groupe Caisse d'Epargne

Press release issued jointly by Groupe Banque Populaire and Groupe Caisse d'Epargne on March 16, 2009

Paris, March 16, 2009 – Banque Fédérale des Banques Populaires's (BFBP) Board of Directors and Caisse Nationale des Caisses d'Epargne's (CNCE) Supervisory Board, meeting on March 16, 2009, approved the signature of the negotiation agreement setting out the discussion principles guiding their merger with a view to establishing the second largest French banking network. In this respect, the senior executives of the Groups have been given the mandate to continue discussions and negotiate the terms of the final agreements.

Following the announcement of February 26, 2009, the negotiation agreement confirms and states all the negotiation principles agreed at this stage, relating notably to the structure of the transaction, its scope, the valuation of the entities transferred to the new central body, corporate governance and the internal financing mechanisms of the future group.

The negotiation agreement, signed in the presence of the French State, also describes the conditions of the State's equity contribution to the future central body of the two Groups of around €5 billion. This amount will be broken down as follows: €3 billion in preference shares convertible into ordinary shares under certain conditions starting from the fifth anniversary of their date of issue, resulting in the State holding a maximum of 20% of the new central body's ordinary shares, and €2 billion of perpetual deeply subordinated notes.

As the discussion principles guiding the merger of the two Groups have now been agreed between the two parties, the employee representative bodies will be informed and consulted on this project. According to the legal and regulatory requirements in force, the conclusion of any final agreement will only take place following the consultation procedure of the employee representative bodies.

The parties concerned confirmed that their work continues and that they expect to obtain the required authorizations with the intention of signing the final agreements before the end of the first half of 2009.

Philippe Dupont, Chairman of BFBP's Board of Directors and Yves Hubert, Chairman of CNCE's Supervisory Board, were pleased *"with this new stage in the negotiations between the two Groups"* and pointed out that *"the French State's support will enable the new entity to benefit from measures adapted to its development"*.

François Pérol, Chairman of CNCE's Management Board and BFBP's Chief Executive Officer, stated that the *"signing of the agreement marks an important step towards carrying out the merger which began in October 2008, leading to the creation of one of the most solid banking groups in France and benefiting all of its affiliates, particularly Natixis"*.

1.8 Investments

2006	
The year's highlight was the creation of Natixis, a subsidiary owned jointly by Groupe Caisse d'Epargne and Groupe Banque Populaire. Natixis brings together both groups' corporate and investment banking and financial services arms, and was formed through asset contributions. Its creation did not therefore generate any exceptional cash flow requirements. In connection with the creation of Natixis, Caisse des Dépôts et Consignations (CDC) withdrew from the capital of the CNCE for an amount of €7 billion. The repurchase of CDC's stake was financed by: ■ the sale of Cooperative Investment Certificates (CICs) held by the CNCE to Groupe Banque Populaire, for €3.1 billion; ■ the sale of Natixis shares on the market for €2.8 billion; and ■ the sale of Ecureuil Vie to the CNP for €1.4 billion. No other material single investments (equal to or more than €150 million, net) were made at Group level in 2006. None of the investments carried out required a contribution of additional shareholders' equity, as the Group relied on its usual and recurring financing methods.	
Retail banking – France and French overseas territories	Acquisition by Océor of Orane, a company specializing in the financing of capital goods in the French overseas territories and departments within the context of tax efficient transactions. Acquisition of 80.1% of Banque BCP France, of which 50.1% by Caisse d'Epargne Ile-de-France Paris and 30% by the CNCE.
Foreign banks	Acquisition of 80.1% of Banque BCP Luxembourg, of which 50.1% by Financière Océor and 30% by the CNCE. Indirect acquisition of a 23.45% stake in Banque Marocaine CIH. Subscription to the capital increase of Banca Carige, raising the CNCE's shareholding to 10.88%.
Capital markets and Financing International development	Acquisition by IXIS CIB of the entire capital of Nexgen, a specialist in financial engineering for corporates. New sites in Dubai and Madrid. Creation by IXIS CIB of UK-based subsidiary IXIS Alternative Investments.
Non-banking activities	Acquisition by the CNCE of a 8.9% minority interest in DV Holding (retirement homes sector).
Real estate services/Real estate	Public buyout offer for Eurosic shares, increasing Banque Palatine's interest to 91.63%. Public buyout offer for Locindus shares launched by CFF from January 12, 2007 to February 15, 2007 at €37 per share. Takeover of Lamy in view of a tie-up with Gestrim.
Natixis	The Group took a 34.44% stake in Natixis following asset contributions and a public offering.
2007	
Foreign banks	Acquisition by Financière Océor of an indirect 60% interest in the Banque Tuniso-Koweitienne. The transaction was completed early in 2008. Following the tender offer for Intesa/SPIMI, exchange of SPIMI shares for a 0.69% stake in Intesa Sanpaolo. The interest was subsequently sold towards the end of the year.
Natixis	Following the amendment to the shareholders' agreement of August 7, 2007, Groupe Caisse d'Epargne acquired Natixis shares on the market, raising its interest in Natixis to 34.45% at end-December 2007.
Capital markets and Financing	Subscription by Groupe Caisse d'Epargne to CIFG's capital raising, thereby increasing its interest to 50%. Subscription to GCE Capital's capital increases in April and November 2007, in order to pave the way for the acquisition by GCE Capital of Alliance Entreprendre stock held by the CNCE and GCE Participations; the acquisition of units in the FCPR Capital Régions 2 venture capital fund; and the financing of further acquisitions of wholly-owned interests by GCE Capital.

Real estate services/Real estate	Acquisition of an interest in the capital of Nexity through the contribution of 25% of the capital of Crédit Foncier de France, 100% of GCE Immobilier and 31.88% of Eurosic; and the acquisition of Nexity shares on the market. At December 31, 2007, Groupe Caisse d'Epargne held approximately 40% of Nexity's capital. Purchase of a stake in Meilleurtaux. At December 31, 2007, following the simplified takeover bid for Meilleurtaux which ran from October 23, 2007, to November 5, 2007, Groupe Caisse d'Epargne held a 56.6% stake in Meilleurtaux. Groupe Caisse d'Epargne's holds 57.61% of the capital of Locindus. Acquisition by Eurosic of an indirect 98.75% stake in Vectrane. Acquisition of a 2% interest in ANF by the CNCE and a 3% stake by Caisse d'Epargne Provence-Alpes-Corse.
Insurance	Acquisition of MMA's 35% interest in the capital of Ecureuil Assurances IARD within the scope of the Macif-MAIF partnership agreement.
Non-banking activities/Personal care services	Acquisition by the CNCE of an additional interest in DV Holding, raising its total stake to 17%. Subscription to Séréna's capital increase, taking the Group's stake to 25%. Acquisition of a 40% stake in the capital of ACE, which manages *Cesu* prepaid payment vouchers.
Banking services	Subscription by the CNCE to the capital increase of GCE Paiements in consideration for the contribution by the CNCE of its entire banking and payment activities business to GCE Paiements.
2008	
Retail banking – France and French overseas territories	Acquisition by Financière Océor of a 5% stake in PROPARCO. Within the scope of the partnership with MAIF-Macif, acquisition by the CNCE of a 10% stake in SOCRAM (renamed SOCRAM Banque on January 1, 2009, a company authorized to operate as a credit institution).
Foreign banks	Subscription to Banca Carige's capital increase, bringing the Group's stake to 13.52%.
Capital markets and Financing	Acquisition by the CNCE of the Banque Palatine shares owned by Intesa Sanpaolo, raising its stake to 100%. Reduction of the CNCE's stake in Banque Palatine to 91.70% following Crédit Foncier de France's transfer of its banking services for private individuals and professional customers to Banque Palatine.
Real estate services/Real estate	Acquisition by the CNCE of an indirect 22.8% stake in Maisons France Confort via the GCE Foncier Coinvest holding company owned by CNCE (51%) and Crédit Foncier de France (49%).
Insurance	Within the scope of the partnership with MAIF-Macif, transfer by the CNCE of 40% of the capital of GCE Assurances to these two groups, reducing its own stake to 46.40%.
French banking institutions	Within the framework of the government's support plan for banks, creation of the *Société de Financement de l'Economie Française* (French Financing Corporation - SFEF). SFEF's capital is owned by the French State (34%) and seven French banks (66%), including a 9.43% interest for the CNCE.
Natixis	Subscription to Natixis' capital increase, leaving the CNCE's stake at 34.90%. Acquisition of Natixis shares on the market, raising the CNCE's stake to 35.62% at December 31, 2008.
Refinancing activities	Acquisition by the CNCE of a 95% stake and by Crédit Foncier de France of a 5% interest in GCE Covered Bonds, authorized to operate as a credit institution in the financial corporate category for the purpose of refinancing Groupe Caisse d'Epargne entities by issuing covered bonds (guaranteed by a pool of home loans issued by GCE entities) as part of a medium-to-long-term EMTN program.

2 Corporate governance

2.1 Chairman's report on the work of the Supervisory Board and on the internal control procedures for the year ended December 31, 2008

To the shareholders,

To supplement the management report and as required under Article L. 225-68 of the French Commercial Code (*Code de commerce*), I hereby present my report on:

- the conditions governing the preparation and organization of the work of the Supervisory Board during the year ended December 31, 2008;
- internal control and risk management procedures adopted by the Caisse Nationale des Caisses d'Epargne;
- internal control procedures relating to the preparation and processing of accounting and financial information.

This report was finalized under my authority on the basis of the documentation available on internal control and risk management and control within the Group.
It was first submitted to the Audit Committee on February 24, 2009, and was subsequently approved by the Supervisory Board on February 26, 2009.

The Statutory Auditors will issue a specific report, appended to their report on the annual financial statements, containing their observations on internal control procedures relating to the preparation and processing of accounting and financial information, and attesting to the provision of other information as required under Article L. 225-68 of the French Commercial Code.

2.1.1 Conditions governing the preparation and organization of the work of the Supervisory Board

Corporate governance

The Supervisory Board examined whether CNCE's corporate governance complies with the AFEP-MEDEF recommendations, and in particular with those dated October 6, 2008 relative to the remuneration of Corporate Officers.

The Board found that these recommendations, most of which have already been implemented by the CNCE, relate mainly to the Group's corporate governance. Accordingly, the Board decided at its February 26, 2009 meeting that the AFEP-MEDEF corporate governance code would be used for the preparation of this report, in accordance with Article L. 225-235 of the French Commercial Code.

The Supervisory Board did not take into account guidelines relative to the representation of minority shareholders (irrelevant for the CNCE) or those relative to the definition of independence, which is dealt with separately in order to take into account the principles specific to mutualism. Other guidelines relating to the functioning of the CNCE and the composition of its Supervisory Board were not deemed relevant: the length of terms of office and the spacing of replacements on the Supervisory Board, their ownership of a significant number of shares, and guidelines relative to their membership of committees set up by another company when the Directors of the said company are in turn members of committees set up within their own company.

Composition of the Supervisory Board

The tenure of the members of the CNCE's Supervisory Board began on January 1, 2004, for a period of six years.

Members of the Supervisory Board

As required by Article L. 512-94 of the French Monetary and Financial Code (*Code monétaire et financier*) and by Article 23 of the Company's bylaws, the Supervisory Board of the CNCE consists of 16 to 20 members, comprising, as of 31 December, 2008, 15 representatives of Groupe Caisse d'Epargne and two representatives of the employees of the Caisses d'Epargne network.

The Supervisory Board is chaired by Yves Hubert, who also chairs the CNCE's Remuneration & Selection Committee.

Yves Hubert has managed internationally renowned companies during the course of his career, and has had responsibility for implementing a range of investment and development policies.

He spent most of his career with chemicals company Rohm and Haas. He managed the world's largest ion exchange resin production site, served as Chief Executive Officer of a joint venture between Atochem (the chemicals arm of Total) and Rohm and Haas, as European manager of the ion exchange business, sat on the company's ion Exchange Resins Executive Committee, set up Rohm and Haas South Africa, served as the European manager of the company's plastic additives business, sat on the Global Executive Committee, and served as Chairman of Rohm and Haas Scotland and Chairman of Rohm and Haas in France.

He has chaired the Steering and Supervisory Board of the Caisse d'Epargne de Picardie since 1992 and has been a member of the CNCE's Supervisory Board since February 6, 2003. His term of office was renewed on December 15, 2003, with effect as of January 1, 2004.

Bernard Comolet served as Vice-Chairman until October 19, 2008, when he was appointed Chairman of the CNCE's Management Board. Bernard Comolet was elected to the Supervisory Board at the March 31, 2009 Shareholders' Meeting, and was designated Vice-Chairman by the Board on the same day.

Non-voting members (*Censeurs*)

The Supervisory Board also includes five non-voting members: a manager of the Groupe Caisse d'Epargne network, two managers of large corporations, a representative of the Fédération Nationale des Caisses d'Epargne (FNCE), and a representative of Natixis.

The FNCE and Natixis representatives were appointed as non-voting members at the Ordinary and Extraordinary Shareholders' Meeting of November 17, 2006 in order to safeguard the interests of the FNCE and Natixis on the CNCE's Supervisory Board. They have the right to offer opinions and to be consulted on issues related to the responsibilities of the entities they represent.

The non-voting representative of Natixis also has the right to refer issues falling within the scope of his or her brief back to the Board for further deliberation.

Detailed information about the members of the Supervisory Board is provided in a table appended to this report.

Four representatives of the Works Council also attend Supervisory Board Meetings.

Lastly, since the removal of the regulatory reference to the Caisses d'Epargne network's public-interest mission, in accordance with French law 2008-776 dated August 4, 2008 (known as the economic and financial modernization law), there is no longer a government Commissioner representing the French state on the CNCE's Supervisory Board.

Appointment of representatives of the individual Caisses d'Epargne to the Supervisory Board

A rule concerning the representation of Groupe Caisse d'Epargne's shareholders on the CNCE's Supervisory Board was approved by the FNCE's Board of Directors on September 7, 2006 and by the CNCE's Supervisory Board on September 14, 2006.

This rule stipulates that FNCE shall be entrusted with organizing the selection of prospective candidates standing for election as members of the CNCE's Supervisory Board. These candidates shall be nominated by the relevant electoral body or bodies in FNCE's Federal Board to ensure that they hold representative positions either as Chairman of the Steering and Supervisory Board or as Chairman of the Caisses d'Epargne's Management Board. This procedure shall be carried out before the choice of candidates is submitted to the Supervisory Board if they are to be co-opted by the Board, or to the CNCE's Shareholders' Meeting if they are to be elected by the shareholders.

Role and functioning of the Supervisory Board

Independence of Board members

Given that the bank is a cooperative endeavor set up by the "cooperative shareholders," and for their benefit, and bearing in mind that more than one-third of Supervisory Board members are elected cooperative shareholders liable to have business relations with the entity on whose Steering, Supervisory or Management Boards they sit (by virtue of the fact that they are also customers), the CNCE has sought to guarantee the independence of its Supervisory Board members.

Being the central institution of a cooperative Group, the CNCE's Supervisory Board must comprise representatives of the Caisses d'Epargne, CNCE shareholders sitting as lending institutions affiliated by law to the CNCE.

While these members may emanate from the Caisses d'Epargne network (Chairmen of Steering, Supervisory or Management Boards), they do not sit on the Board as representatives of their banks, but as part of the governance of the Groupe Caisse d'Epargne, holding the powers devolved by law to the CNCE on that basis.

A report entitled "Cooperatives and Mutual Companies: Original Corporate Governance" (*Coopératives et mutuelles : un gouvernement d'entreprise original*), issued by the Institut français des administrateurs in January 2006, explains how the people elected to the boards of cooperative companies, including the CNCE, comply fully with the notion of "independent board member":

"Board members' independence should be seen from two angles:

The call for independent Directors concerns a specific type of enterprise, namely public companies.
When pension funds obliged the companies in which they invested to appoint independent members to their boards, they were seeking to protect their economic interests, as opposed to management's. Corporate governance logic is radically different in cooperative and mutually owned companies.

Their corporate governance matches the logic of their internal functioning. Control is guaranteed by the organization itself, in that its purpose is to serve its members' interests. It therefore does not make sense to guarantee, or protect, interests outside the company. Rather, it must be remembered that control by cooperative shareholders needs to increase in line with the Director's involvement in the company's strategy. The legitimacy and control of the mutual company managers, and hence their independence, stem clearly from the mandate they hold by dint of their election. To exempt a Director from the electoral process would have the effect of putting him or her above the interests of the organization and the cooperative shareholders.

Seen from another angle, it is true that the Directors of cooperatives and mutually owned companies are inspired by conviction rather than financial interest. They devote a substantial amount of their time and energy to their responsibilities as Director. They have a deep involvement in the local community, associations and/or politics. These various characteristics make them truly independent. There is no reason to doubt their independence, which is constantly backed up by an authentically democratic process."

Responsibilities and powers

Governing principles

In accordance with French legal provisions concerning *sociétés anonymes* (joint-stock corporations) governed by a Management Board and a Supervisory Board and in particular Article 30 of the CNCE's bylaws and the Internal Rules adopted by the Board on March 21, 2007, the Supervisory Board oversees the management activities of the Management Board on an ongoing basis. It carries out checks and controls as it sees fit, and may ask for any documents it considers necessary for the fulfillment of its responsibilities.

It proposes the appointment of the Statutory Auditors to the Shareholders' Meeting, in accordance with Article L. 225-228 of the French Commercial Code.

The Supervisory Board appoints the members of the Management Board and has the power to recommend their removal from office; it sets their remuneration, appoints the Chairman of the Management Board and has the power to remove him from office. The Supervisory Board receives a quarterly report from the Management Board on the Company's business. It is responsible for checking and reviewing the parent company and consolidated annual and interim financial statements, which the Management Board prepares and submits to the Supervisory Board, along with a written report on the situation and business activities of the Company and its subsidiaries during the reporting period. The Supervisory Board then presents its observations on the Management Board's report and on the financial statements to the Ordinary Shareholders' Meeting. Other powers of the Supervisory Board include the power to transfer the registered office within the same *département* (administrative district) or to a neighboring *département*, subject to ratification by the next Ordinary Shareholders' Meeting.

The Supervisory Board also has the power to decide, on proposals put forward by the Management Board, on a number of issues specified in the CNCE's bylaws. The scope of these powers was modified at the Extraordinary Shareholders' Meeting of October 17, 2007 and extended when the Board adopted its Internal Rules on March 21, 2007.

The powers of the Supervisory Board include the following:

- approving the Company's strategic plan and successive revisions thereof, and the strategic objectives of the Caisses d'Epargne and the main subsidiaries;
- approving any investment, divestment, asset-for-share exchange, merger, demerger, joint venture or alliance carried out by the Company and/or its subsidiaries of a total amount in excess of €250 million, or of a total amount of between €100 million and €250 million if the main features of the transaction are not provided for in the annual budget or strategic plan;
- approving, with a majority of two-thirds of its members, any decision relative to an initial public offering of shares in the company;
- drawing up and approving the annual budget (both parent company and consolidated);
- reviewing the consolidated financial statements of Groupe Caisse d'Epargne;
- deciding whether to establish the mutual guarantee and solidarity fund (*fonds commun de garantie et de solidarité*), and drawing up general rules for the operation thereof;
- appointing and dismissing the Director of the Internal Audit department;
- deciding to set up or discontinue any Caisse d'Epargne et de Prévoyance and approving restrictions on the activities of a Caisse d'Epargne et de Prévoyance or of an affiliated entity;
- approving or withdrawing approval of members of the Management Board of the Caisses d'Epargne et de Prévoyance and of Executive Directors of affiliated entities, except for members of the Natixis Management Board;
- dismissing all the members of the Steering and Supervisory Board of a Caisse d'Epargne et de Prévoyance and appointing a provisional committee pending the appointment of a new Steering and Supervisory Board;
- issuing an injunction against the Steering and Supervisory Board of a Caisse d'Epargne et de Prévoyance or against the management body of a network entity, affiliated entity, or any other entity falling within the scope of the regulations governing Groupe Caisse d'Epargne;
- dismissing all the members of the Management Board of a Caisse d'Epargne et de Prévoyance.

Rules and principles governing the setting of remuneration and benefits

Remuneration of Supervisory Board members

The May 26, 2005 Shareholders' Meeting set the total amount of attendance fees payable by the CNCE at €857,000.

Remuneration of the Chairman of the Supervisory Board

The remuneration of the Chairman of the Supervisory Board is set at €80,000 per annum.

This remuneration is paid over and above the attendance fees given to all Supervisory Board members. It is a lump sum.

Attendance fees paid to Supervisory Board members

The rules for attributing attendance fees are as follows:

Members and non-voting members of the Supervisory Board: €2,500 per Meeting, capped at eight Meetings, or a total of no more than €20,000.

Members of special committees:

- Audit Committee:
  - Chairman: lump-sum allowance of €3,000,
  - members: €2,000 per Meeting, capped at eight meetings, or a total of no more than €16,000;
- Remuneration & Selection Committee:
  - Chairman: lump-sum allowance of €3,000,
  - members: €2,000 per Meeting, capped at eight meetings, or a total of no more than €16,000;
- Strategy & Development Committee:
  - Chairman: lump-sum allowance of €3,000,
  - members: €2,000 per Meeting, capped at eight meetings, or a total of no more than €16,000.

The annual remuneration granted to the chairmen of the special committees is payable in addition to the attendance fees awarded to committee members.

In the event of there being more than eight Meetings during the year for a particular committee, the amount payable per Meeting is reduced proportionally within the annual aggregate limit on attendance fees.

Attendance fees are prorated to actual presence at Meetings, with one absence permitted for Meetings of the Supervisory Board.

Remuneration of Supervisory Board members

The remuneration of Supervisory Board members is determined on the basis of terms proposed by the Remuneration & Selection Committee on April 2, 2008 and approved by the Supervisory Board on April 3, 2008, in accordance with Article 30.1 of the CNCE's bylaws.

The remuneration includes:

- **a fixed portion**, including benefits in kind, designed to remunerate management duties;
- **a variable portion** designed to remunerate the Director's performance, which may not be cumulated with profit-sharing and incentive plans of which the Director is a beneficiary should the Director be subject to an employment contract.

Fixed portion

The fixed portion of the annual remuneration paid to members of the Management Board of the CNCE falls within the following ranges:

Chairman of the Management Board:	from €500,000 to €900,000
Chief Executive Officer:	from €400,000 to €700,000
Supervisory Board members:	from €300,000 to €500,000

This fixed remuneration of Charles Milhaud, Chairman of the Management Board, and Nicolas Mérindol, Managing Director, amounted to €550,000 and €450,000 respectively, as well as a theoretical uncapped variable portion representing 100% of fixed annual remuneration.

On the proposal of the Remuneration & Selection Committee, dated April 18, 2007, the Supervisory Board, at its Meeting on April 25, 2007, set Julien Carmona's fixed remuneration at €360,000, as well as a theoretical uncapped variable portion representing 80% of fixed annual remuneration.

Following the resignation on October 19, 2008 of the Chairman of the Management Board, the Chief Executive Officer and the Management Board member in charge of Group Finance & Risk, the Supervisory Board, at its Meeting on November 6, 2008, set, on the basis of a proposal by the Remuneration & Selection Committee dated October 29, 2008, the remuneration granted to Bernard Comolet, the new Chairman of the Management Board and Alain Lemaire, the new Chief Executive Officer.

Total remuneration granted to Bernard Comolet and Alain Lemaire, on the basis of their mandates as Chairman of the Management Board and Chief Executive Officer of the CNCE and on the basis of their mandates as Chairman of the Management Board of Caisse d'Epargne Ile-de-France and Chairman of the Management Board of Caisse d'Epargne de Provence-Alpes-Corse, are equivalent to those given to their predecessors, namely fixed remuneration of €550,000 and €450,000 respectively.

For Bernard Comolet:

- the mandate remunerated by the CNCE is set at 80% of the total amount of €550,000, i.e. a fixed sum of €440,000 as well as a theoretical uncapped variable portion representing 100% of that amount;
- the mandate remunerated by Caisse d'Epargne Ile-de-France is set at 20% of the total amount of €550,000, *i.e.* a fixed sum of €110,000 as well as a theoretical uncapped variable portion representing 80% of that amount.

These two mandates are to be remunerated separately by the CNCE and the Caisse d'Epargne d'Ile-de-France, without any rebilling from one entity to the other.

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For Alain Lemaire:

- the mandate remunerated by the CNCE is set at 80% of the total amount of €450,000, i.e. a fixed sum of €360,000 as well as a theoretical uncapped variable portion representing 100% of that amount;
- the mandate remunerated by Caisse d'Epargne Provence-Alpes-Corse is set at 20% of the total amount of €450,000, i.e. a fixed sum of €90,000 as well as a theoretical uncapped variable portion representing 80% of that amount.

These two mandates are to be remunerated separately by the CNCE and Caisse d'Epargne Provence-Alpes-Corse, without any rebilling from one entity to the other.

The remuneration of Guy Cotret and Alain Lacroix, members of the Management Board, comprises remuneration relating to the corporate office (10%) and remuneration set out in the employment contract (90%).

The amounts and the conditions of this remuneration are unchanged compared with the previous year, i.e.:

- Guy Cotret: a fixed sum of €400,000 as well as a theoretical uncapped variable portion representing 80% of that amount;
- Alain Lacroix: a fixed sum of €340,000 as well as a theoretical uncapped variable portion representing 80% of that amount.

Variable portion

The variable portion for 2007 paid in 2008

The Remuneration & Selection Committee set the criteria and objectives relative to the variable portions of Executive Board members' remuneration. These criteria break down as joint criteria and objective criteria. The weightings of joint criteria are as follows:

Weighting (as a %)	Criteria	40%	60%	80%	100%
20%	GCE net income	1,270	1,430	1,590	> 1,590
20%	GCE cost/income ratio			79	< 79
20%	Growth of GCE NBI (as a %)	+5	+10	+16	> +16
20%	CNCE consolidated net income	760	850	950	> 950
20%	CNCE budget (gap as a %)			0	< 0
100%					

Individual criteria differ for each Management Board member depending on his or her area of activity.

At its April 2, 2008 Meeting, the Remuneration & Selection Committee examined the results obtained by each Management Board member and made the following proposals:

	Objective-based criteria		Board assessment	Total
Variable portion 2007	Joint criteria	Individual criteria		
Charles Milhaud	0/25	20/25	50/50	70/100
Nicolas Mérindol	0/25	20/25	50/50	70/100
Guy Cotret	0/25	20/25	30/30	50/80
Alain Lacroix	0/25	20/25	30/30	50/80
Julien Carmona	0/25	20/25	30/30	50/80

On April 3, 2008, the Supervisory Board approved the variable portions for Management Board members proposed by the Remuneration & Selection Committee.

Objectives for the variable portion of 2008 remuneration to be paid in 2009

At its April 2, 2008 Meeting, the Remuneration & Selection Committee agreed to the following objectives for the joint criteria:

Weighting (as a %)	Percentage of target attained (excluding impact from the Livret A savings account)	60%	80%	100%
25%	GCE net income	1,430	1,590	> 1,590
25%	GCE cost/income ratio		79	< 79
25%	Growth of GCE NBI (as a %)	+10	+16	> +16
25%	CNCE consolidated net income	850	950	> 950
100%				

The overall weighting of joint criteria represents 25% of fixed remuneration.

Individual criteria break down as follows:

- 5% for compliance with the CNCE's overall budget (operating expenses);
- 5% for compliance with the divisional budget;
- 15% for specific criteria for individual members. These criteria are objective-based and quantified.

Or 25% for each member of the CNCE's Management Board based on individual objective-based criteria.

On April 3, 2008, the Supervisory Board approved the 2008 criteria and objectives used to determine the variable portions of Management Board members' remuneration proposed by the Remuneration & Selection Committee.

Summary of criteria	Objective-based criteria		Board assessment	Total
	Joint criteria	Individual criteria		
Chairman and Chief Executive Officer	25	25	50 and +	100 and +
Management Board members	25	25	50 and +	80 and +

Pension benefits for members of the CNCE Management Board

Pursuant to an agreement entered into on July 18, 2005, the members of the CNCE Management Board are eligible for a supplementary defined-benefit pension plan (the Chairmen of the Management Boards of the individual Caisses d'Epargne also benefit from the same plan), on top of other plans from which they may benefit, intended to offer additional pension benefits calculated on the basis of their salary.

Eligible beneficiaries are required to meet all of the conditions set out below at the date of termination of their employment contract:

- beneficiaries must end their professional careers while with Groupe Caisse d'Epargne. This condition is fulfilled when the beneficiary is employed by the Group at the date of retirement;
- beneficiaries must have at least ten years' service as a member of the Management Board of the CNCE on the date of departure or retirement. The pension plan is also open to any person who has served as Chairman of the Management Board of one of the individual Caisses d'Epargne or as Chief Executive Officer of a CNCE-affiliated entity (within the meaning of Article L. 511-31 of the French Monetary and Financial Code) for a minimum of 10 years at the time of their departure or retirement. The number of years as CEO of a CNCE-affiliated entity taken into account in the calculation may not exceed five years;
- beneficiaries must have applied to receive their pension entitlements under the basic French social security system and the mandatory supplementary French pension systems (ARRCO and AGIRC).

Beneficiaries are entitled to receive pension annuities equal to 10% of their average gross remuneration in the three highest-earning full calendar years with the Group prior to the termination of their employment contract or the end of their term of office.

Along with all Group executive managers, the members of the Management Board are also entitled to benefit from two additional points-based pension plans managed by an employee benefit savings institution.

Indemnities payable upon expiry of term of office

Information available on the Group's website, in accordance with Articles L. 225-90-1 and R. 225-60-1 of the French Commercial Code:

"In accordance with Article L. 225-90-1 of the Commercial Code, the Supervisory Board, Meeting on April 3, 2008, determined the remuneration and indemnities payable upon the termination of the term of office of members of the Management Board.

The following decision was adopted by a majority of the members of the Board:

"On the proposal of the Remuneration & Selection Committee, and in accordance with French law 2007-1223 dated August 21, 2007, for work, employment and purchasing power, known as "TEPA," the Supervisory Board made the following decisions:

1. *event generating the payment of a termination benefit: a termination benefit will be due only in the event that a member is not re-appointed upon the expiration of his term of office, is removed from office or is no longer approved as a member of the Management Board, entailing his definitive departure from Groupe Caisse d'Epargne, except in the case of serious misconduct;*
2. *conditions governing the payment of an indemnity:*
   - *prerequisite: the termination benefit will only be paid if the Company posts positive net income for the year immediately preceding the year in which his term of office is terminated,*
   - *performance criteria: in the event that at least 70% of theoretical target variable remuneration has been received during the term of office in progress, members of the Management Board will receive full payment of the termination benefit as set out below. In the event that at least 60% of the theoretical target variable remuneration has been received, they will receive payment equivalent to 75% of the amount of the termination benefit as set out below. In the event that at least 50% of the theoretical target variable remuneration has been received, they will receive payment equivalent to 50% of the amount of the said termination benefit;*
3. *amount of the termination benefit:*
   - *the termination benefit is equal to three months' gross remuneration for each year of service as a Corporate Officer, capped at 36 months,*
   - *the gross monthly remuneration on which the termination benefit is based is defined as the sum of:*
     - *one-twelfth of his most recent gross annual remuneration (fixed portion), and*
     - *his average monthly variable remuneration, calculated on the basis of the last three payments received,*
   - *in the event that a Corporate Officer's employment contract is terminated by the CNCE, the severance payment to which he is entitled in respect of said contract shall be deducted from the termination benefit referred to above,*
   - *the Supervisory Board refers proposals concerning individual members of the Management Board to the Shareholders' Meeting for approval."*

The annual Shareholders' Meeting of the Caisse Nationale des Caisses d'Epargne et de Prévoyance (CNCE), on April 17, 2008, approved, on the basis of a proposal by the Supervisory Board, specific resolutions for each member of the Management Board concerned by this arrangement, namely Charles Milhaud, Nicolas Mérindol, Alain Lacroix, Guy Cotret, and Julien Carmona.

The approval given by the Supervisory Board was published on the Groupe Caisse d'Epargne website in accordance with first paragraph of Article R. 225-60 of the French Commercial Code."

In order to comply with the AFEP-MEDEF recommendations concerning the remuneration of Corporate Officers and Managers, the previous arrangements were modified, after examination by the Supervisory Board on February 26, 2009 and the annual Shareholders' Meeting on March 31, 2009, with respect to the following two points:

- members of the Management Board will receive a gross termination benefit equal to three months of the gross salary for each year of service, capped at 24 months, if they have obtained, on average during the term of office in progress and until termination thereof, at least 70% of the theoretical target variable remuneration;
- if the corporate officer is able to claim a full pension within three months following the end of his term of office, no termination payment will be due.

Functioning of the Supervisory Board

In accordance with Article 28 of the Group's bylaws, Supervisory Board Meetings are called by the Chairman. They are held as often as demanded by the interests of the Group, and at least four times per year, to hear the report by the Management Board.

In accordance with Article L. 225-38 of the French Commercial Code, the Statutory Auditors were invited to attend Meetings devoted to the examination of annual and interim financial statements.

The CNCE Supervisory Board met 18 times between January 1, and December 31, 2008.

In 2008, the average attendance rate at Supervisory Board Meetings was 96.14%.

In addition to issues routinely discussed (business activities, quarterly Management Board reports, regulated agreements, approvals of Executive Directors and various items presented for purposes of information), the main issues dealt with at Supervisory Board Meetings were as follows:

Internal functioning of the Supervisory Board - Governance

- At the initiative of the Chairman of the Supervisory Board: Chairman's report on the work of the Supervisory Board and on the internal control procedures for the year ended December 31, 2007.
- Variable portion of Executive Directors' remuneration and remuneration policy with respect to Executive Directors under arrangements made in accordance with TEPA (French law 2007-1223 dated August 21, 2007) and in compliance with the AFEP-MEDEF recommendations concerning the remuneration of Corporate Officers and managers.

Finance

- Presentation of parent company and consolidated financial statements for the year ended December 31, 2007.
- Presentation of the CNCE and Group interim financial statements for 2008.
- Approval of the 2009 budget.
- Review of the impact of the financial crisis on capital.
- Capital increases of the CNCE.
- Review of the financial consequences of the deregulation of the distribution of Livret A savings accounts.
- Modification of bylaws: issuance of preferred shares.

Compliance – Risks

- Review and monitoring of questions bearing on capital within the framework of Basel II.
- Presentation of the CNCE's internal controls.
- Monitoring and control of proprietary trading activities for the CNCE: request for these to be managed on a run-off basis.
- Review of equity investments and acquisitions.
- Crisis management following a large trading loss: resignation of the Chairman of the Management Board, the Chief Executive Officer and the member of the Management Board in charge of Finance and Risk, decision to place the Group Risk Management department under the Chairman of the Management Board and the Group Finance department under the Chief Executive Officer.
- Follow-up of reports and investigations by the French Banking Commission.

Strategy

- Study of the planned merger between the CNCE and the BFBP.
- Study of the standard agreement signed with the French government relative to the new guarantee provided by the State to the financial sector and its consequences.
- CIFG: transfer of shares owned by the CNCE in the CIFG holding company into an entity owned jointly by the CNCE and the Banque Fédérale des Banques Populaires, planned change-over.
- Natixis: purchase of additional shares, capital increase.
- GCE Covered Bonds transaction: creation of an AAA-rated listed vehicle for the refinancing of home loans made by the Caisses d'Epargne network and refinancing the bank at a preferential cost by "securitizing" part of its home loans.
- Agreement concerning the acquisition of the stake taken by Crédit Foncier de France in Banque Palatine following the contribution of its banking services.
- Partnership with Macif-MAIF: contribution of part of the capital of GCE Assurances.
- SOCRAM: acquisition of a stake.
- CNP Assurances: study of the proposed transfer of part of the CNCE stake in CNP to the Caisses d'Epargne.
- Proposed acquisition by the CNCE of Nexity's stake in Crédit Foncier de France.
- Proposed disposal of Banque Palatine.
- Review of the strategic direction to be taken in the years to 2012.
- Transactions reinforcing the structure of the Groupe Caisse d'Epargne (three mergers of regional Caisses d'Epargne).

The CNCE's responsibilities as the central institution of the network

- Presentation of the ombudsman's report.
- Cooptation of Board members, preparation of Ordinary and Extraordinary Shareholders' Meetings.
- Approval of the Corporate Officers of affiliated entities.
- Examination of Caisses d'Epargne's new standard internal management rules.

Depending on the type of questions submitted to the Supervisory Board, deliberations were made and decisions taken on the basis of reports presented by the relevant Board committees.

Internal rules of the Supervisory Board

The Supervisory Board adopted a set of internal rules at its March 21, 2007 Meeting. The purpose of these rules is to supplement the Group's bylaws, specifically with respect to the following:

- specifying the procedures for convening Meetings of the Supervisory Board and the committees it has set up, as well as the rules under which they are to deliberate;
- delegating to the Management Board the Supervisory Board's powers in relation to certain activities;
- specifying the obligation of professional secrecy and confidentiality to which the members of the Supervisory Board and its committees are held;
- stating the penalties for failure by any member of the Supervisory Board or of any of its committees to abide by either obligation.

Regarding delegation of the Supervisory Board's powers to the Management Board, the main provisions in the internal rules are as follows:

- sale of real estate up to a ceiling of €100 million per transaction;
- total or partial sale of equity investments up to a ceiling of €100 million per transaction;
- total or partial sale of equity investments up to a ceiling of between €100 million and €250 million, provided that the main components have been included in the annual budget or strategic plan;
- pledging of corporate assets as collateral and signing of commitments excluding banking transactions, up to a ceiling of €10 million per transaction.

In its quarterly reports, the Management Board informs the Supervisory Board of all such transactions that have been carried out.

The main provisions in the internal rules on professional secrecy and confidentiality are as follows:

- all members of the Supervisory Board and its committees, as well as anyone who may be invited to attend Board or committee Meetings, are held to an obligation of professional secrecy as provided for in Article L. 511-33 of the French Monetary and Financial Code and to an obligation of discretion on the deliberations of the Board and its committees, as well as on any confidential information or information presented as confidential by the Chairman of the Meeting, as provided for in Article L. 225-92 of the French Commercial Code;
- the Chairman of the Board declares the proceedings of a Meeting to be confidential whenever regulations or the interests of the CNCE or the GCE may require it;
- the Chairman of each Board committee proceeds in the same fashion;
- the Chairman of the Board or of the committee does whatever is necessary to guarantee that the proceedings of a Meeting remain confidential. To that end, he or she may require anyone attending the Meeting to sign a confidentiality statement.

The main provisions in the internal rules concerning the failure by Supervisory Board members to abide by their obligations are as follows:

- in the event that any member of the Board or of one of its committees fails to abide by his or her obligations, particularly with respect to confidentiality, the Chairman of the Supervisory Board refers the matter to the Board with the intent of issuing a warning to said member, independently of any measures that may be required by existing laws, regulations or the Group's own bylaws;
- the Supervisory Board may, at the recommendation of its Chairman, request that the relevant body or authority remove said Board member from office. In the case of a committee member, the Board may, at the recommendation of its Chairman, remove said member from the committee;
- the Board member shall be informed in advance of any proposals as to penalties to be applied to said member and shall be able to present his or her observations to the Supervisory Board. Said member shall not take part in the vote on possible penalties to be applied.

Functioning of committees set up by the Supervisory Board

The membership and rules of functioning of the Audit Committee, the Remuneration & Selection Committee and the Strategy & Development Committee are specified by the bylaws, supplemented, as indicated above, by the internal rules adopted by the Supervisory Board on March 21, 2007.

Each committee must consist of between five and seven Board members appointed by the Supervisory Board, including the Chairman. All committee members are chosen on the basis of their professional experience in the areas on which the various committees focus.

The Supervisory Board may also appoint a non-voting member from outside the Group to any of these committees.

On this non-voting basis, the Chairman and Chief Executive Officer of a large corporation has been appointed to the Remuneration & Selection Committee.

A committee may only validly deliberate if at least half of its members are present. The opinions issued by each committee are those agreed to by a majority of the members present or represented.

The **Audit Committee** met 16 times in 2008. The average attendance rate at Meetings was 99.31%.

The Audit Committee assists the Supervisory Board in its role of checking and reviewing the financial statements and the Management Board's report on the Company's business.

It monitors the quality of the information provided to shareholders, and more generally fulfils the responsibilities stipulated in regulation 97-02 issued on February 21, 1997 by the *Comité de la réglementation bancaire et financière* (French Banking and Financial Services Regulatory Committee – CRBF) relating to internal control within credit institutions and investment companies, which was amended by CRBF regulation 2001-01 issued on June 26, 2001, and CRBF regulation 2004-02 issued on January 15, 2004.

The Audit Committee was chaired by Alain Lemaire until October 19, 2008, when he resigned upon the expiry of his term as a member of the Supervisory Board and his appointment as a member of the Management Board and Chief Executive Officer of CNCE.

He is a graduate of *Ecole Nationale d'Administration*. He formerly served as Ile-de-France Regional Director and subsequently as Director of the Fonds d'épargne, and was previously a member of the Caisse des Dépôts et Consignations Executive Committee, a member of the Management Board in charge of commercial development and human resources at Crédit Local de France, the Chief Executive Officer of Crédit Foncier de France, and a member of the CNCE Management Board in charge of development. He is also Chairman of the Management Board of Caisse d'Epargne Provence-Alpes-Corse.

Jean-François Paillissé assumed the chair of the Audit Committee on October 21, 2008 (his appointment was confirmed by the Supervisory Board on November 6, 2008). He is a law graduate. In the course of his career, he has worked as an internal auditor and been responsible for the Caisse d'Epargne et de Prévoyance de Versailles network and its development. He has also served on the Management Boards of the Caisses d'Epargne Ile de France-Ouest and Côte d'Azur, with responsibility for development, before heading up sales coordination and planning for the CNCE.

He is currently the Chairman of the Management Board of Caisse d'Epargne Loire-Centre. The many executive positions he has held motivated the decision to appoint him Chairman of the Audit Committee.

The Committee members were chosen for their expertise in accounting, finance and internal control:

- Bernard Comolet was a member of the Audit Committee until October 19, 2008, when he resigned upon the expiry of his term as Vice-Chairman of the Supervisory Board and his appointment as Chairman of the Management Board. He is a graduate of HEC. He also serves as the Chairman of the Management Board of Caisse d'Epargne Ile-de-France. He has previously served as Corporate Secretary for Compagnie Générale de Banque Citibank, and as the manager of several UBP branches;
- Dominique Courtin obtained a diploma in real estate financial engineering from *Centre d'Etudes et de Formation pour le Logement et l'Urbanisme*. He currently chairs the Steering and Supervisory Board of the Caisse d'Epargne de Bretagne-Pays de Loire. He has previously served as Director in charge of Retail and Real Estate Customers at the Caisse Régionale de Crédit Agricole Mutuel d'Ille-et-Vilaine and assistant Director of Groupe Espacil Rennes;
- Jean-Pierre Deramecourt was appointed by the Supervisory Board on November 6, 2008. He is an economics graduate, and also holds a diploma from an institute of technology. He has been Chairman of the Management Board of Caisse d'Epargne Alsace since 2007. During the course of his career, he has served in a number of managerial roles: manager of the French Desk for the Luxembourg subsidiary of Finland's second largest bank; manager in charge of Strategic and Organizational Missions in banking; and member of the Management Boards of several regional Caisses d'Epargne;
- Eric Grimonprez is a graduate of *Ecole supérieure de commerce de Paris*, where he majored in "advanced accounting." He currently chairs the Steering and Supervisory Board of the Caisse d'Epargne Nord-France-Europe. During his career, he has been the treasurer of a number of not-for-profit organizations, the Chairman of the Supervisory Board of Alliansys, a company serving venture capital funds, and the Chairman of the Management Board of Fonds d'Investissement RTVL, a seed capital provider;
- Benoît Mercier was appointed by the Supervisory Board on November 6, 2008. He has a diploma in finance and accounting awarded by an institute of technology. He also has a bachelor's degree in economics and a master's degree in management. He currently chairs the Management Board of Caisse d'Epargne Lorraine Champagne-Ardenne. He has held several managerial positions, including Director of the accounts and management control department of a fuel trading company, Director of financial management, and legal and fiscal advisory services for the Management Board of SOREFI Nord Pas-de-Calais, and Director of management control and member of the Management Board of Caisse d'Epargne de Flandre;
- Yves Toublanc holds a business school degree. He currently chairs the Steering and Supervisory Board of the Caisse d'Epargne Rhône Alpes. He has worked for many years in management control and financial management for Saint-Gobain and is a member of the Chambre de Commerce et d'Industrie de la Savoie, whose Finance Commission he previously chaired.

The Audit Committee's powers are as follows:

- reviewing the annual and interim parent company and consolidated financial statements, the Company's draft budgets (at both parent company and consolidated level), and corporate financial documents distributed at the accounting period-end;
- issuing an opinion on measures proposed by the Management Board in the event of a deterioration in the financial position of the Company, its subsidiaries, or the Caisses d'Epargne, or in the event of the application of financial guarantee clauses;
- issuing an opinion on the appointment or reappointment of the Company's Statutory Auditors and reviewing their work programs, audit conclusions and recommendations, and any follow-up action in response to their recommendations;
- issuing an opinion on the procedures adopted by the Company in the areas of regulatory compliance and the monitoring and control of risk;
- issuing an opinion on the appointment and dismissal of the Director of the Internal Audit department;
- monitoring follow-up action taken in response to engagements conducted by the Internal Audit department and the French Banking Commission;
- signing off on the Company's annual internal audit work program, including internal audits conducted within subsidiaries;
- ensuring that all new agreements between the Company's subsidiaries and the Caisses d'Epargne are conducted at market conditions;

- examining, at the request of any Audit Committee member, any issue within its sphere of competence as it sees fit, and reporting thereon to the Supervisory Board.

The Audit Committee may, at the request of the Supervisory Board, examine all questions of a financial or accounting nature submitted to its attention.

The main issues dealt with by the Audit Committee in 2008 were as follows:

Internal functioning

- On the initiative of the Chairman of the Supervisory Board: Chairman's report on the work of the Supervisory Board and internal control procedures for the year ended December 31, 2007.
- Annual report on the functioning of the internal control system and risk management in 2007, in accordance with Articles 42 and 43 of CRBF regulation 97-02 as amended.
- Review of the findings of the audits conducted by the Internal Audit department.
- Approval of the Group's new audit charter.

Finances

- 2009 budget and change in the funding structure.
- Parent company and consolidated accounts for the year ended December 31, 2007.
- Review of the IFRS impact on the financial statements of the parent company and its subsidiaries.
- Review of the impact of the financial crisis on capital.
- The CNCE's capital increases.
- Evaluation of the financial consequences of the deregulated distribution of the Livret A savings account.
- Amendment of bylaws: issue of preferred shares.

Compliance – Risks

- Quarterly monitoring of risks and compliance.
- Review of the conclusions contained in audits conducted by the Internal Audit department (quarterly reports and approval of the annual audit plan).
- Overall review of the capital position within the framework of the Basel II accord.
- Monitoring and control of proprietary trading activities for the CNCE: reminder of the request that proprietary trading positions be liquidated.
- Follow-up of reports and investigations by the Banking Commission.

Strategy

- Study of the planned merger between the CNCE and the BFBP.
- Study of the standard agreement signed with the French government relative to the new guarantee provided by the State to the financial sector, and its consequences.
- Review and follow-up of CIFG: transfer of shares owned by the CNCE in the CIFG holding company into an entity owned jointly by the CNCE and the Banque Fédérale des Banques Populaires, planned change-over.
- Review and follow-up of Natixis: study of the conditions surrounding the purchase of additional shares and the capital increase.
- Review of the GCE Covered Bonds transaction aimed at setting up an AAA-rated listed vehicle for the refinancing of property loans made by the Caisses d'Epargne network and refinancing the bank at a preferential cost by "securitizing" part of its property loans.
- Review of the proposed buy-out of the Crédit Foncier de France stake in Banque Palatine following the contribution of its banking services.
- Review of the proposed Macif-MAIF partnership: study of the consequences of the contribution of part of the GCE Assurances capital.
- Review of the plan to acquire a stake in SOCRAM.
- Review of CNP Assurances: analysis of the proposed transfer of the CNCE stake in CNP to the Caisses d'Epargne and the terms and conditions.
- Review of the proposed acquisition by the CNCE of Nexity's stake in the capital of the Crédit Foncier de France.
- Review of the proposed disposal of Banque Palatine.
- Contribution to the preparation of the 2008-2012 strategic plan.

The **Remuneration & Selection Committee** met 14 times in 2008. The average attendance rate at committee Meetings was 91.88%.

It was chaired in 2008 by Yves Hubert, who also chairs the Supervisory Board.

The Committee members were chosen for their expertise and professional experience:

- Bruno Dugelay is a graduate of HEC. He currently chairs the Steering and Supervisory Board of the Caisse d'Epargne Côte d'Azur. He has served as a member and Vice-President of the Chambre de Commerce et d'Industrie de Nice Côte d'Azur and as Chief Executive Officer of a subsidiary of a major American corporation;
- Jean Levallois is a graduate and current Director of Ecole Supérieure de Journalisme de Lille. He currently chairs the Steering and Supervisory Board of the Caisse d'Epargne de Basse-Normandie. He is also the Chief Executive Officer of the SAHLM de Cotentin, a member of the Basse-Normandie Regional Council, a member of the Cherbourg Municipal Council and a member of the of the Greater Cherbourg Municipal Council;
- Bernard Sirol, honorary attorney, is Chairman of the Steering and Supervisory Board of the Caisse d'Epargne de Midi-Pyrénées;

- Michel Sorbier was appointed by the Supervisory Board on March 26, 2008, to replace Jacques Mouton. He is a graduate of *Ecole nationale supérieure d'ingénieurs*. He is the Chairman of the Steering and Supervisory Board of the Caisse d'Epargne d'Auvergne and du Limousin, and a member of the Executive Board of Crédit Foncier de France;
- Henri Proglio, a non-voting committee member from outside the Group, is currently Chairman and Chief Executive Officer of Veolia Environnement.

The Remuneration & Selection Committee prepares decisions of the CNCE Supervisory Board on the following topics:

Remuneration

The Committee is tasked with making proposals to the Supervisory Board on:

- the level and methods of remuneration of the members of the Company's Management Board;
- the allocation of attendance fees among members of the Supervisory Board, and the total amount of attendance fees submitted for approval by the Shareholders' Meeting of the Company.

Selection

The Committee makes proposals and recommendations to the Supervisory Board on:

- the appointment, removal from office and replacement of the members of the Management Board of the Company and major subsidiaries;
- the approval and withdrawal of approval of members of the Management Boards of the Caisses d'Epargne et de Prévoyance (in particular their Chairmen), combined with oversight of the nature and application of the approval criteria laid down by the CNCE Management Board;
- the appointment or removal from office of the members of other committees of the Supervisory Board and their Chairmen.

The main issues dealt with by the Remuneration & Selection Committee in 2008 were as follows:

- approvals;
- indemnities and attendance fees allocated to members of the Caisses d'Epargne Steering and Supervisory Board;
- group-wide indicators for calculating the variable portion of remuneration to be allocated to the corporate officers of the Caisses d'Epargne;
- functioning of the committees: review of the functioning of the Board and its Committees, proposals regarding the composition of the Audit, and Strategy & Development Committees, setting up of a Coordination Committee;
- study and examination of the terms of the application of French law 2007-1223 dated August 21, 2007, for work, employment and purchasing power, known as "TEPA," with respect to termination payments to corporate officers;
- study and review of how the AFEP-MEDEF recommendations with respect to the remuneration of corporate officers are applied.

The **Strategy & Development Committee** met six times in 2008. The average attendance rate at committee Meetings was 80.83%.

The Strategy & Development Committee prepares decisions made by the Company's Supervisory Board in the following areas:

- setting of strategic objectives and growth priorities for the CNCE, the Caisses d'Epargne et de Prévoyance, and their subsidiaries;
- preparation and revision of the strategic plan and of proposals relating to acquisitions or alliances.

Yves Hubert chaired this Committee until January 22, 2008.

He was replaced by Bruno Dugelay, a graduate of HEC. Mr Dugelay also chairs the Steering and Supervisory Board of Caisse d'Epargne Côte d'Azur. He has served as a member and Vice-President of the *Chambre de Commerce et d'Industrie de Nice Côte d'Azur* and as Chief Executive Officer of a subsidiary of a major American corporation.

The other committee members are the following:

- Catherine Amin-Garde holds a degree (*deuxième cycle d'études européennes*) from ENA in Strasbourg. She currently chairs the Steering and Supervisory Board of the Caisse d'Epargne Loire Drôme Ardèche. In addition to her responsibilities in the network, she is in charge of local government contracting policy and inter-ministerial partnership policy and acts as a French government delegate representing the *préfet* of the Drôme as part of the social cohesion policy. She is also a technical advisor to the Ministry of Youth, Sport and the Voluntary Sector.
- François Audibert, joined the Committee on February 27, 2008 (his appointment was confirmed by the Supervisory Board on January 31, 2008). He has a degree in economics, and currently chairs the Management Board of Caisse d'Epargne Aquitaine Poitou-Charentes. In the course of his career, he has served as Chief Executive Officer of the GREP Aquitaine Poitou-Charentes, and Chairman of the Management Boards of SOREFI Aquitaine, Caisse d'Epargne Aquitaine-Nord and EXPANSO.
- Jean-Marc Carcelès holds a master's degree in business administration, a master's degree in finance and banking, and a doctorate from the *Institut d'Administration des Entreprises*. He currently chairs the Management Board of the Caisse d'Epargne Languedoc-Roussillon. In the course of his career, he has held a number of executive positions within the Caisses d'Epargne network.
- Yves Hubert is also Chairman of the Supervisory Board and the Remuneration & Selection Committee of the CNCE.

- Alain Maire has a diploma in banking. He currently chairs the Management Board of the Caisse d'Epargne de Bourgogne Franche-Comté. Prior to joining Groupe Caisse d'Epargne, he held executive positions in leading banking groups including BNP and Crédit Mutuel.

The Strategy & Development Committee must be regularly informed of progress on acquisitions and alliances. Moreover, it receives biannual progress reports concerning the achievement of targets set out in the strategic plan.

During its Meetings, the Strategy & Development Committee devoted most of its time to the 2012 strategic plan and partnerships set up by the Group, including the acquisition of a stake in SOCRAM Banque, the contribution of part of the capital of GCE Assurances to Macif and MAIF, the planned merger between the CNCE and the BFBP, the creation of GCE Covered Bonds, the planned disposal of Banque Palatine, and the acquisition of Nexity's stake in Crédit Foncier de France.

The Committee also examined the consequences of the Group's strategic decisions with respect to Natixis and CIFG.

Details relating to the participation of shareholders in General Meetings

General Meetings of A Shareholders (Article 36 of the bylaws)

- General Meetings of A Shareholders are convened and held under the conditions laid down by the regulations in force.
  Such Meetings are held at the Company's registered office or at any other place specified in the notice of the Meeting.
- B Shareholders have no right to participate in General Meetings of A Shareholders and have no right to vote at such Meetings.
- The right to participate in General Meetings of A Shareholders can only be obtained if the A Shareholder applies, before midnight Paris time on the third working day preceding the General Meetings, to have his or her name included in the Company's Register of Shareholders.
- A Shareholders who are unable to attend General Meetings of A Shareholders may chose one of the following three options:
  - give an instrument of proxy to another A Shareholder or his or her spouse; or
  - cast a postal vote; or
  - address an instrument of proxy to the Company without indicating the name of the proxy.
- General Meetings of A Shareholders are chaired by the Chairman of the Supervisory Board or by the Vice-Chairman in his absence; in the absence of both the Chairman and the Vice-Chairman, General Meetings of A Shareholders are chaired by a member of the Supervisory Board specially delegated for this purpose by the Supervisory Board. Failing this, the General Meeting of A Shareholders may elect its own Chairman.

  The General Meeting of A Shareholders elects its Officers.

  Two returning Officers are appointed from among A Shareholders representing, either by themselves or as proxies, the greatest number of A Shares and who are willing to carry out the task. The Officers of the General Meeting of A Shareholders designate a secretary, who need not be an A Shareholder.
  An attendance sheet is kept, in accordance with the conditions laid down by the regulations in force.
- An Ordinary General Meeting of A Shareholders convened for the first time only validly deliberates if the A Shareholders present or represented own at least one-fifth of the A Shares with voting rights.
  An Ordinary General Meeting of A Shareholders convened for the second time validly deliberates whatever the number of A Shareholders present or represented, including A Shareholders having voted by mail.
  Decisions of the Ordinary General Meeting of A Shareholders are taken by a majority of the votes cast by the A Shareholders present or represented, including A Shareholders having voted by mail.
  Ordinary General Meetings of A Shareholders for approval of the annual financial statements for the past fiscal year must be held within a period of five months following the fiscal year-end.
- An Extraordinary General Meeting of A Shareholders convened for the first time only validly deliberates if the A Shareholders present or represented own at least one-quarter of the A Shares with voting rights.
  An Extraordinary General Meeting of A Shareholders convened for the second time only validly deliberates if the A Shareholders present or represented own at least one-fifth of the A Shares with voting rights.
  If this latter quorum is not reached, the second Extraordinary General Meeting of A Shareholders may be postponed until a date no later than two months after the date on which it was originally convened.
  The decisions of the Extraordinary General Meeting of A Shareholders are taken by a majority of two-thirds of the votes cast by the A Shareholders present or represented, including A Shareholders having voted by mail.
- Copies or extracts from the minutes of General Meetings of A Shareholders are validly certified by the Chairman of the Supervisory Board, by a duly empowered member of the Management Board or by the secretary of the corresponding Shareholders' Meeting.
- Ordinary and Extraordinary General Meetings of A Shareholders exercise their respective powers under the terms and conditions provided for by the regulations in force.

Special Meetings of B Shareholders (Article 36b of the bylaws)

- Special Meetings of B Shareholders are convened and held under the conditions laid down by the regulations in force.
  Such Meetings are held at the Company's registered office or at any other place specified in the notice of the Meeting.
- A Shareholders have no right to participate in Meetings of B Shareholders and have no right to vote at such Meetings.
- The right to participate in Meetings of B Shareholders can only be obtained if the B Shareholder applies, before midnight Paris time on the third working day preceding the General Meetings, to have his or her name included in the Company's Register of Shareholders.
- B Shareholders who are unable to attend Meetings of B Shareholders may chose one of the following three options:
  - give an instrument of proxy to another B Shareholder or his or her spouse; or
  - vote by mail; or
  - address an instrument of proxy to the Company without indicating the name of the proxy, which will allow the Chairman of the General Meeting to vote as decided by the Supervisory Board.
- Meetings of B Shareholders are chaired by the Chairman of the Supervisory Board or by the Vice-Chairman in his absence; in the absence of both the Chairman and the Vice-Chairman, Meetings of B Shareholders are chaired by a member of the Supervisory Board specially delegated for this purpose by the Supervisory Board. Failing this, the General Meeting of B Shareholders may elect its own Chairman.
  The Meeting of B Shareholders designates its office, if there are several B Shareholders.
  Returning Officers are appointed from among one or two B Shareholders representing, either by themselves or as proxies, the greatest number of B Shares and who are willing to carry out the task. The Officers of the Meeting of B Shareholders designate a secretary, who need not be a B Shareholder.
  An attendance sheet is kept, in accordance with the conditions laid down by the regulations in force.
- A Special Meeting of B Shareholders convened for the first time only validly deliberates if the B Shareholders present or represented, including B Shareholders having voted by mail, own at least one-third of the B Shares with voting rights. A Special Meeting of B Shareholders convened for the second time only validly deliberates if the B Shareholders present or represented, including B Shareholders having voted by mail, own at least one-fifth of the B Shares with voting rights.
  The decisions of Special Meetings of B Shareholders are taken by a majority of two-thirds of the votes cast by the B Shareholders present or represented, including B Shareholders having voted by mail.
- Copies or extracts from the minutes of Special Meetings of B Shareholders are validly certified by the Chairman of the Supervisory Board, by a duly empowered member of the Management Board or by the secretary of the corresponding B Shareholders' Meeting.
- Special Meetings of B Shareholders exercise their respective powers under the terms and conditions provided for by the regulations in force. The decisions of the Company or of a General Meeting of A Shareholders only become final and binding after approval by the Special Meeting of B Shareholders when they relate to a change in the rights with regard to B Shares, specifically:
  - any issuance or attribution of new shares, or any other securities or instruments offering the right to new shares, conferring the said new shares with a higher rank than B Shares, or having more favorable terms than those attached to B Shares, particularly in the event of a capital reduction, the liquidation of the Company, or the payment of dividends or other sums taken from the Company's equity;
  - any amendment of the bylaws with respect to the attribution or the rights attached to B Shares;
  - any dissolution or voluntary liquidation of the Company;
  - any transfer of the Company's headquarters out of France;
  - any modification of the dates or duration of the fiscal year, in accordance with Article 37 (*Exercice social*) as follows.

In accordance with Article L. 228-17 of the French Commercial Code, in the absence of the exchange of B Shares for shares offering equivalent individual rights, a merger or break-up of the Company is subject to approval by a Special Meeting of B Shareholders, in accordance with Article L. 225-99 of the French Commercial Code.

2.1.2 Internal control procedures adopted by the CNCE

For this part of the report, the Chairman carried out the following procedures, either directly or through his departmental staff:

- review of the reports issued by CNCE departments involved in internal control procedures;
- review of the work carried out by the Internal Control Oversight Committee;
- review of summaries of Audit Committee findings. The terms of reference and details of the work carried out in 2008 are set out above;
- meetings and exchanges of information with the Chairman, Chief Executive Officer and members of the Management Board responsible for the following departments: Group Risk, Group Regulation & Consolidation, Group Finance, Group Economic Performance Control, and the Corporate Secretary's Office;
- submission of the Chairman's report to the Statutory Auditors and discussions with the Statutory Auditors;
- presentation of the Chairman's report to the CNCE Audit Committee and Supervisory Board.

Regulatory framework for internal control

As credit institutions, the CNCE and the banks forming the Groupe Caisse d'Epargne (GCE) are subject to an extremely comprehensive legal and regulatory framework governing the exercise and oversight of their activities. This framework is comprised mainly of the French Monetary and Financial Code and regulations issued by the Finance Minister on proposals made by the Consultative Committee in Financial Legislation and Regulations (*Comité consultatif de la législation et de la réglementation financières* – CCLRF) (formerly known as the *Comité de la règlementation bancaire et financière* – CRBF).

As investment firms, the CNCE and the banks forming the Groupe Caisse d'Epargne are also bound by the rules and regulations issued by the French securities regulator (*Autorité des marchés financiers* – AMF), particularly those concerning the organization of service providers, codes of ethics, initial public offerings and financial information.

The CNCE and the banks forming the Groupe Caisse d'Epargne are also bound by the codes of ethics issued by professional bodies (AFECEI, FBF, AFG, MEDEF, etc.), in cases where compliance with these rules is recommended or required by the regulators, and by professional commitments taken under the aegis of the Consultative Committee for the Financial Sector (*Comité consultatif du secteur financier* – CCSF) or government authorities. These include, in particular, the AERAS convention, the code of Bank-SME relations, the charter on banking accessibility, the agreement on banking mobility, the professional convention on the electronic exchange of truncated checks, the FBF framework agreements relating to transactions involving financial instruments, and recommendations governing the remuneration of the corporate officers of publicly traded companies.

The internal control procedures applied by the CNCE and Groupe Caisse d'Epargne are based by and large on the regulations issued by the CRBF, specifically regulation 97-02 as amended, and as it applies to credit institutions. As regards auditing, the Groupe Caisse d'Epargne Internal Audit department abides by the standards set by the French Internal Audit Institute (*Institut français de l'audit et du contrôle internes* – IFACI).

General principles of internal control

The internal control system refers to all the procedures, systems and controls adopted by each entity in the Groupe Caisse d'Epargne to ensure the achievement of its objectives; to ensure compliance with the law, regulations, market rules, codes of ethics, the strategies set by General Management and the Group's internal rules; and to manage all types of risks to which the entity is exposed (dealt with specifically in part 3 of this report).

In particular, its purpose is to optimize transaction execution through adequate control of said transactions, and to ensure that the internal processes within Groupe Caisse d'Epargne work smoothly and the Group's financial and accounting information is reliable. Through internal control, Groupe Caisse d'Epargne can achieve greater overall control over its business, enhanced operational efficiency and more effective use of its resources.

In accordance with Article 5 of CRBF regulation 97-02 (as amended), the system for controlling operations and internal procedures within Groupe Caisse d'Epargne is designed in particular to achieve the following with the utmost security, reliability and completeness:

- ensure that the operations carried out by Groupe Caisse d'Epargne and the Group's internal organization and procedures comply with current legal and regulatory requirements for banking and financial activities, with business and professional standards, or with instructions issued by the Management Board to enact strategies set by the Supervisory Board;
- ensure compliance with the procedures for making decisions and assuming risks of any kind, and with the management standards set by the Management Board, particularly with regard to limits;
- monitor the quality of accounting and financial information, whether it is provided to the Management Board, the Audit Committee or the Supervisory Board, submitted to the regulatory authorities or contained in published documents;

- monitor the conditions under which said information is assessed, recorded, stored, and made available, particularly by ensuring that there is an audit trail;
- monitor the quality of the Group's information and communication systems.

All Groupe Caisse d'Epargne entities, and the executives, managers, and staff at all levels of the Group are responsible for implementing and regularly updating this system, in accordance with the standards and processes defined by the CNCE and using the tools provided to this effect.

Permanent controls over business activities are the responsibility of individual entities themselves, under the supervision of the senior managers to whom they report and departments responsible for second-tier controls (risk management, compliance and permanent controls), under the control of the appropriate CNCE department (Group Risk, Group Compliance and Security primarily).

Periodic controls are carried out by the CNCE's Internal Audit department in liaison with the Internal Audit departments of the Groupe Caisse d'Epargne, as part of the Group's Internal Audit department.

The mechanisms and systems providing for permanent controls are subject to periodic assessments by an independent internal audit, thereby ensuring ex-post third-tier controls. This task falls to the Group's Internal Audit departments, which must ensure, by means of periodic inspections, the consistency and effectiveness of the entity's permanent control mechanisms and systems, in accordance with Articles 6b) and 7 of CRBF regulation 97-02 (as amended). These departments do not define or manage these mechanisms but contribute to their improvement by their recommendations. They regularly audit permanent control departments to this end.

The existence of periodic third-tier controls carried out by the Group's Internal Audit departments does not relieve the first and second tiers of their responsibility to ensure, on a permanent basis, appropriate control and sound management of the risks under their charge.

Value added by the Internal Audit department is reflected in:

- the detection of weaknesses or deficiencies in the control procedures and the recommendation of actions aimed at improving the system or resolving problems as identified;
- the ability to ensure that all the elements needed for effective permanent controls are in place and correctly inserted in decision-making and processing procedures;
- the contribution provided through its work to the promotion of a culture of internal control within the Group;
- the information regularly provided as to the appropriateness of the procedures and systems implemented by individual entities to control their activities and manage risk.

The implementation of recommendations made by the Internal Audit department is the responsibility of the managers of each entity.

Groupe Caisse d'Epargne's internal audits are conducted by internal audit departments across all Group entities, which together make up the Group's Internal Audit department.

In accordance with regulations, internal auditors are responsible for overseeing their audit scope, setting out and conducting audit plans, and, as such, periodically controlling, through their investigations, the compliance of transactions, the level of risk effectively engaged, the respect of procedures, and the effectiveness and appropriate nature of ongoing control systems. They carry out this responsibility using the results of individual internal audits bearing on the appropriate entity, whether they were conducted by the entity's management itself, another audit department within the Group's Internal Audit department, the French Banking Commission, or any other controlling structure meeting the Group's requirements in terms of professional bodies.

The CNCE's Internal Audit department organizes internal audits. Its brief extends across all Group entities.

Internal Audit department managers report periodically on work to the Chairman of the Management Board, or to the Chief Executive Officer and the Audit Committee of their entity (Article 8 of CRBF regulation 97-02 as amended).

Under the responsibility of Supervisory Boards, the audit committees of the Groupe Caisse d'Epargne entities are tasked with expressing an opinion on the quality of existing internal control procedures, and particularly the consistency of measurement, surveillance, and risk control. They are also expected to recommend, wherever necessary, additional measures to improve procedures.

However, the internal control system used by Groupe Caisse d'Epargne cannot be considered as an absolute guarantee of the security of the Group's transactions and the achievement of its objectives.

Organizational structure for permanent controls

As the central institution of Groupe Caisse d'Epargne, the CNCE defines common standards to be applied across all the activities of the Group. The primary objective of these standards is to ensure awareness of and compliance with regulatory developments. They are also designed to ensure consistency of organizational structures and practices across all Group entities, while working in consultation with the entities in order to respect their diversity. These standards are the cornerstone of the Group's risk monitoring and control system.

In each entity, the Management Board is responsible for defining and implementing permanent control procedures, within the framework of standards and processes defined by the CNCE, and particularly standard internal control procedures common to all Groupe Caisse d'Epargne entities, issued in April 2007.

Lastly, in accordance with the law, each non-voting member (*Censeur)* of the Caisse d'Epargne to which he or she is appointed by the CNCE Management Board attends Meetings of the Steering & Supervisory Committee without the right to vote. They guarantee compliance with legal and regulatory requirements, or those established by the Group itself. Non-voting members also attend Meetings of the Audit Committee and Remuneration Committee of the Caisse d'Epargne to which he or she is appointed (these committees were set up in each Caisse d'Epargne in 2000). Following the creation of Natixis, they are also tasked with ensuring that Natixis' interests are accounted for, notably by ensuring that the development of the individual Caisses d'Epargne is in line with its objectives.

The CNCE departments responsible for drafting these standards represent the Group in dealings with the market authorities and monitor regulatory changes in order to respond rapidly to new developments and expand the body of standards used within the Group.

The management and monitoring of risks and permanent controls are carried out by various departments within the CNCE: the Group Risk Management (GRM) department and the Group Compliance and Security department are more specifically in charge of drafting standards relating to the control of operations, the monitoring and analysis of control reports and the consistency of permanent controls. Other departments also have a role: Group Finance, Group Regulation & Consolidation. They report directly to the departments cited earlier.

As a credit institution and investment firm, the CNCE has its own compliance department. This department focuses primarily on the ethical obligations of relevant persons and permanent insiders, the control of banking activities, the control of proprietary trading services, and the detection and prevention of fraud relating to the Group Risk Management department. It is placed under the responsibility of a delegated manager, has full access to the resources of the Group Compliance and Security department, and may also draw on the expertise of a Compliance Officer for Investment Services or any other person with specialist knowledge in the appropriate departments (i.e. GFD, Group Finance department) or in entities directly attached to the CNCE (for instance, GCE Paiements).

The Group Compliance and Security department also supervises product and service approval at Groupe Caisse d'Epargne level. As part of this role, it provides secretarial support to the Commercial Product Approvals Committee, whose members include representatives of all CNCE departments. Compliance reviews of new products or services created or promoted on the Group's behalf by the CNCE's Product Development department are supplemented by the supervision of their launch in local markets by the compliance and permanent control departments of the Group's various entities.

The Commercial Procedures Validation Committee also draws up operational-level distribution procedures for new products and services as needed.

In 2008, based on the recommendations issued by the Commercial Product Approvals Committee, the CNCE Management Board approved 46 new products and services for the customers of Group entities.

The CNCE's financial activities also include proprietary trading transactions, which are currently being managed on a run-off basis as a result of the trading loss incurred in October 2008, and transactions made in support of subsidiaries. These tasks are carried out by the Group Finance department.

The CNCE's Management Board is responsible for drafting and implementing internal control procedures for activities conducted by the CNCE, in compliance with the appropriate regulatory provisions and the Group's internal audit procedures, as well as for the individual Caisses d'Epargne and the subsidiaries. The internal control environment is based on permanent controls defined at various levels and performed by units or individuals independent from the activities or transactions on which the controls are performed.

Following market losses incurred in October 2008, the CNCE has undertaken a wide-ranging review of the risk-control procedures governing its financial activities.

In order to clarify the separation between responsibility for conducting operations and responsibility for overseeing them, the back office was placed under the responsibility of the Group Finance Support department, which in turn reports to the member of the Management Board in charge of Human Resources and banking operations.

The middle office was attached to the head of the Group Risk department, who in turn reports to the Chairman of the Management Board.

First-tier accountability now falls to the CNCE's Accounts department, while the compliance team, initially housed in the Finance department, has now been placed under the responsibility of the Group Compliance department.

The staff and attributions of the middle office have been reinforced. The middle office is now responsible for the following functions:

- validation, in terms of risk, of transactions initiated by the front office;
- calculation of the results of activities on the basis of independent market data;
- monitoring of exposure limits (sensitivity, VaR, etc.);
- reconciliation of management and accounting income.

These tasks were phased in as of the end of October 2008, and the phasing-in process will continue in 2009. In particular, the validation of transactions became effective in mid-December 2008.

More broadly, the CNCE's financial management charter has been validated by the Management Board. It lists financial activities and the framework under which they may be carried out, the relevant decision-making bodies, and the respective roles of operational and control staff.

This charter will be adapted to each business line in Strategy, Objectives and Risk Sheets. These sheets provide a more operational view of the nature of the activities concerned, the limits placed on the activity, and the role of the various departments.

The **compliance function of Natixis** is incorporated into the compliance units of the two shareholder groups which are tasked with ensuring that compliance procedures are consistent. Natixis' compliance Officer reports to the compliance Officers of the CNCE and the Banque Fédérale des Banques Populaires, who are jointly responsible for Natixis compliance. In particular, this relationship provides for the following:

- the compliance Officers of the CNCE and BFBP are invested with the power to approve the appointment of the Natixis compliance Officer and to dismiss him or her from office. They are also informed of the appointment or dismissal from office of all compliance Officers in the subsidiaries or businesses;
- identical sets of documents generated within the scope of joint reporting arrangements are transmitted to the two shareholder groups, who define the specific reporting procedures and thresholds;
- the compliance Officers of the two shareholder groups approve the Natixis compliance charter;
- the compliance Officers of the two shareholder groups approve the compliance risks mapping of Natixis.

A joint Global Compliance Committee has been set up to ensure consistency of compliance procedures in Natixis and in the two shareholder groups. It is chaired jointly by the compliance Officers of the CNCE and BFBP, and also includes the compliance Officer of Natixis. In particular, this Committee is charged with issuing or validating – in the event of delegation to Natixis – joint standards, specifically in relation to:

- the overall organization of the Compliance function, particularly the Natixis compliance charter;
- the standards and framework procedures internal to Natixis designed to prevent the risk of non-compliance in accordance with of CRBF regulation 97-02 (as amended);
- consolidated risk management reporting.
  As such, the Committee prepares the list, contents, procedures, frequency and deadlines for reporting information.

The committee also coordinates the procedure for obtaining the joint approval of the two shareholder groups prior to the launch of all new Natixis products to be distributed via their networks. These products are subject to the approval of both shareholders' new products committees, after approvals have been obtained from the compliance Officers of the CNCE and the Banque Fédérale des Banques Populaires.

A large number of employees have been allocated to this task, with about 261 full-time-equivalent (FTE) Groupe Caisse d'Epargne employees working on compliance and permanent controls, not including Natixis staff, as of the end of 2008.

First-tier permanent controls

The key principles governing first-tier controls are as follows:

- the accountability of managers who are at the forefront of implementing permanent controls with respect to compliance, security and the validation of operations, through controls conducted by senior managers;
- employee job descriptions and specific, written delegations of powers;
- a system of procedures for each business activity predicated on the idea that each business is responsible for controlling its own operations;
- strict independence between units responsible for conducting operations and units responsible for overseeing them.

Second-tier permanent controls

Second-tier permanent controls are conducted by specialized departments on the basis of reports by risk monitoring and management committees.

The key principles governing second-tier controls are as follows:

- control and related procedures for monitoring risks of all kinds are carried out by specialized departments (*e.g.* Group Risk, the compliance and permanent control departments, services responsible for the security of IT systems, the security of goods and people, etc.) using the appropriate procedures for different types of risk;
- the definition of the reporting framework for first-tier controls and processing such reports in order to define, as appropriate, ways in which procedures could be improved;

- an organizational structure based on decision-making and management committees, governed by charters setting out their composition, role and powers.

Internal control committees

The **Internal Control Oversight Committee (ICOC)** oversees all the Group's internal control structures. It is chaired by the CNCE's Chief Executive Officer; its secretariat is managed by the Group Compliance and Security department. Its role is to ensure that permanent controls over business activities are complete and efficiently organized and that risk control and monitoring processes are effective. It also coordinates efforts by the various units in charge of controls to ensure risk management, the consistency of internal procedures and operations, the quality and availability of data processed by information systems and the security of these systems. It is consulted in the event of any inconsistency or inefficiency in the organization of permanent controls falling within Groupe Caisse d'Epargne. The committee also monitors the resolution of irregularities identified by the Audit department and the implementation of the corresponding recommendations. Similarly, it monitors the results of investigations or controls carried out by regulators (French Banking Commission, French Competition Commission, AMF).

The **Coordination Committee for Monitoring the GCE's Activities and Results** is chaired by the Management Board member responsible for Finance or, in his or her absence, by the Chief Financial Officer. It is made up of the various business line Directors, as well as the heads of Finance, Accounting, Risk, Management Control, Strategic Monitoring, and Budget, the Director of the Management Committee departmental staff, and the head of financial communications.

The **Group National Finance and management Committee** is made up of the Management Board members responsible for the finances of the Group's various entities. It deals not only with issues of a financial nature, but more broadly with accounting matters (new developments, issues liable to have a major impact, etc.), management control questions, and all issues needing an exchange of views between financial functions and any other function.

The **National Consultative Committee on Finance** is made up of Chairmen of the Management Boards of the different Caisses d'Epargne assisted by CNCE managers representing the Finance, Accounting, Risk and Management Control functions. It analyses and discusses important financial questions with a view to improving and optimizing the direction taken by the Group and its various entities, as well as their functioning. It prepares arbitration on these questions before they are submitted to the National Consultative Committee, which comprises the Management Board of the CNCE and the Chairmen of the Management Boards of the individual Caisses d'Epargne, or other bodies.

Three other committees also oversee the CNCE's financial activities:

The **Finance and Risks Committee,** chaired by the member of the Management Board responsible for Finance and Risks, met eight times in 2008. It supervises the activities of the CNCE's Finance department, both as a service provider and its proprietary services.

The **Management Committee,** chaired by the Group Finance Director, met 13 times in 2008. It makes financial management and investment decisions for the Group Finance department in accordance with the powers granted to it and the directives of the Finance and Risks Committee.

The **Refinancing Committee,** chaired by the Group Finance Director, was created in the second half of 2007. It tracks the refinancing needs of the CNCE and makes decisions in accordance with the powers granted to it and the directives of the Finance and Risks Committee.

Internal control procedures governing the CNCE's activities as a provider of proprietary services

The CNCE provides services to institutional and corporate customers as well as individual Caisses d'Epargne and other Group companies. These services, which encompass banking services, payments, interbank exchange systems, custody services and electronic money systems, are monitored by permanent controls, performed at multiple levels by units or persons independent of the operational activities targeted by these controls.

The CNCE has made GCE Paiements, a Groupe Caisse d'Epargne entity, responsible for processing back-office operations. These outsourced services, carried out under the framework of a general services agreement, are deemed critical for the CNCE in accordance with CRBF regulation 97-02. Within this framework, and in order to monitor outsourced services, the CNCE has appointed a business manager for the payment processing services business.

Operational risks related to banking services have been mapped. A specific risk management and monitoring tool (*ORIS*) has been implemented to ensure risk management. The manual of procedures is currently being updated.

Interbank exchanges obtained ISO 9001 quality certification for the euro and foreign currency transactions of French and foreign customers. The processing and recording of transactions are checked on a daily basis using key indicators as well as warning reports to flag any anomalies. A manual of procedures governs these activities.

The CNCE's securities custody services activity is outsourced to its specialized subsidiary Natixis. The CNCE, which retains responsibility for this function, designated a Compliance Officer for Investment Services at Natixis to ensure compliance with regulatory requirements. The internal control process includes a manual of written instructions for procedures, encompassing all activities and first-tier and second-tier controls. Control reports are submitted to the CNCE on a regular basis.

The CNCE has also outsourced its electronic money systems business to GCE Paiements, under the framework of a general service agreement, in accordance with CRBF regulation 97-02. Technical and non-banking services made available to customers using payment terminals or automatic teller machines are carried out by GCE Paiements under its direct responsibility. The Banking Processing Center, which provides electronic services to the individual Caisses d'Epargne, Group subsidiaries and second-tier participants, completely overhauled its procedures manual following the introduction of a litigation support tool. This tool, which is an essential component of the risk monitoring system, enhances the levels of control over electronic money systems activities and optimizes the response time to incidents. Additionally, the accounting function of the Banking Processing Center, which is in charge of all billing for electronic money services, has its own procedures and controls. Second-tier controls are performed by the CNCE General Accounting department.

The CNCE has established a business continuity plan for all of these activities.

Periodic controls

In accordance with regulatory requirements, all credit institutions within the Group must have an audit function independent of the operating units, which assesses the quality and day-to-day running of their control systems. This function, which is separate from that of permanent controls, is governed by a very precise regulatory framework. It is the responsibility of each entity's audit department, which carries out periodic controls within the entity's units. These assessments are complemented by regular audits carried out by teams from the CNCE Internal Audit department, and in some cases from the Audit department of intermediate holding companies such as Océor, Crédit Foncier, or Natixis. These teams perform field tests and check for compliance with the law and regulations and with the Group's own internal rules.

The audit function of the Natixis group has been set up in liaison with the Office of the General Secretary of the French Banking Commission and organized around three distinct objectives:

- provide Natixis with an autonomous audit function capable of conducting audit assignments throughout the Natixis group;
- support the audit assignments carried out by the audit departments of Groupe Caisse d'Epargne and Groupe Banque Populaire, thereby enabling the groups to continue to conduct periodic controls in their capacity as Natixis shareholders and central institutions; this goal mobilizes roughly 40% of the CNCE's audit resources;
- set the audit resources allocated to Natixis at consolidated headcount levels (Natixis plus the shareholders), in line with market standards; Natixis strengthened and organized its Internal Audit department teams in 2008 in this aim.

The Internal Audit department must ensure that the internal audit scope for the Groupe Caisse d'Epargne is properly identified and covered by one or more audit departments, and that recommendations are implemented within a reasonable timeframe. It is also responsible for auditing the CNCE as a credit institution in its own right, and for auditing any national subsidiaries that do not have their own audit department.

In order to fulfill these responsibilities, the Internal Audit department:

- carries out whatever tasks it sees fit in order to obtain a reasonably accurate assessment of the control systems of each entity and to achieve the required audit scope;
- draws upon audit reports issued by the French Banking Commission and other supervisory bodies;
- draws upon recommendations made by the Statutory Auditors of each entity;
- analyzes and draws upon work carried out by the audit departments of individual entities;
- monitors the implementation of recommendations stemming from previous audits, using half-yearly progress reports which must be submitted by unit managers.

The CNCE's Internal Audit department, in conjunction with individual Audit departments within the Group, has defined common audit methods and standard-form annual reports that meet regulatory requirements (Article 42 of CRBF regulation 97-02, as amended). As part of its role heading up the Audit function within the Group as a whole, the Internal Audit department updates these methods and coordinates staff training.

Groupe Caisse d'Epargne has set a minimum staffing level for audit departments within credit institutions belonging to the Group at 1% of headcount for the first 1,000 employees and 0.5% of headcount thereafter. This minimum is consistent with the average of 1% generally seen in the profession and acknowledged by the French Banking Commission. The CNCE's Internal Audit department carried out 72 tasks in 2008, compared with 82 in 2007, the reduction in number being attributable to and offset by the extension of the time spent on each task. These tasks enabled it to ensure adequate coverage of the Group as a whole.

The organization of the Group's audit function is governed by an audit charter, an updated version of which was approved by the Audit Committee on December 11, 2008 and communicated to all entities within the Group. It meets the demands for a reinforcement of audit procedures as described above.

Natixis' internal audit function is incorporated within the internal audit departments of the two shareholder groups and is subject to the following joint oversight arrangements:

- the appointment and removal from office of Natixis' Director of Internal Audit is subject to the prior approval of the Internal Audit Directors of the CNCE and BFBP, which are also informed of the appointment and removal from office of the heads of Internal Audit of the subsidiaries;
- the Natixis group's audit charter is approved by the Internal Audit Directors of the CNCE and BFBP;
- the Internal Audit departments of the CNCE and BFBP, in conjunction with the Natixis Internal Audit Department, define the standards, methods and tools for dealing with issues of common interest and regularly check that these standards are being applied by the Natixis Internal Audit department;
- the Natixis group's consolidated rolling and annual internal audit programs are drawn up in liaison with the Internal Audit departments of the CNCE and BFBP and the Chairman of the Natixis Management Board;
- the Internal Audit departments of the CNCE and BFBP may carry out any checks they deem necessary in accordance with the responsibilities entrusted to them;
- the Natixis Internal Audit department submits regular reports to the Internal Audit departments of the CNCE and BFBP, particularly in respect of the findings of all internal audits carried out.

These joint oversight arrangements are reviewed and discussed on a monthly basis by a Coordination Committee, headed up by the Internal Audit Directors of the CNCE and BFBP and assisted systematically by the Director of the Natixis' Internal Audit department.

Internal control procedures relating to the preparation and processing of accounting and financial information

Roles and responsibilities in the preparation and processing of accounting and financial information

Group Regulation & Consolidation department

The Group Regulation & Consolidation department, which reports to the Management Board member responsible for Finance and Risks in the CNCE, is responsible for preparing and processing the accounting and financial information. The department's main tasks are the following:

- preparing the annual and interim consolidated financial statements of the CNCE Group and Groupe Caisse d'Epargne, as well as the CNCE's parent company financial statements;
- liaising with the Group's Statutory Auditors;
- monitoring regulatory change with respect to accounting standards and determining which standards are applicable at Group level;
- acting as the interface between the regulatory authorities (the Banque de France and the French Banking Commission) and CNCE affiliates, in accordance with Article L. 512-95 of the French Monetary and Financial Code, and ensuring that CNCE affiliates comply with regulatory standards and management ratios;
- ensuring that Groupe Caisse d'Epargne complies with management ratios on a consolidated basis. To this end, it calculates the Group's capital adequacy ratio on a quarterly basis;
- investigating and managing tax disputes at national level, assessing new tax legislation and determining tax strategies for the entire Group.

Each Group entity is responsible, in relation to the Group and the regulatory authorities to which it is subject, for drawing up its statutory (and, where relevant, consolidated) financial statements, which are approved by its central governing body. Depending on the size of the entity, said financial statements are previously reviewed by the entity's Audit Committee, if any. The entity then submits the financial statements to the Group and attests to their accuracy.

The Group Regulation & Consolidation department collects all accounting information provided by the various entities in validated reporting at entity level. The department is responsible for consolidating the data so that it can be used both by the Management Committee and in communicating with third parties.

Management control

The management control function is structured as follows:

- in the CNCE:
  - the Group Management Control department is in charge of strategic planning and standard-setting; it is also in charge of management control for the CNCE,
  - the Business Management Control units are tasked with operational planning in the Commercial Banking and Investment Banking divisions;
- in the Group entities:
  - the Management Control units of the Caisses d'Epargne and the subsidiaries are tasked with operational planning in the Group entities.

The Group Management Control department is responsible for standard-setting, procedures, policies, and the management reporting timetable.

This department must also ensure the consistency of Group performance measurement and profitability analysis methods. The Business Management Control units ensure that these policies are implemented at operational level by the management controllers of the Caisses d'Epargne and the subsidiaries.

The Group Management Control department is also tasked with delivering high-quality management reports and producing forward-looking data for strategic planning purposes. As such, it plays a role in the internal control of accounting and financial information.

At each accounting period end, the Group Management Control department performs an analytical review of accounting results, focusing mainly on net interest margin, commissions and fee income, operating expenses, and the cost of risk.

This review involves comparisons with management control data forecasts and an analysis of consolidated results by business line.

In 2008, several projects designed to enhance internal control were carried out:

- a glossary of management indicators was issued at the end of the first half. It gives the Group's main entities access to definitions of relevant management indicators via the Group's Intranet;
- the Group's Management Control department began working with a new information system allowing it to monitor the overall management of the Group's various entities. This tool, which will have been fully rolled out in early 2009, allows the audit track of consolidated management information to be retraced when quarterly accounts are closed, new annual forecasts established or multi-year forecasts drawn up. It has been successfully rolled out across the individual Caisses d'Epargne and is in the process of being introduced in all entities for the closing of full-year account;
- the Management Control charter was drawn up with the help of all business lines. It sets out the conditions under which Management Control tasks are carried out, the main processes and the various business lines involved, and how the function is run.

The key focus in 2009 will be on finalizing the roll-out of the new information system and enhancing controls, particularly for the CNCE. In support of that goal, we will be phasing in a joint analysis tool to be used by the Finance, Accounting, Risk and Management Control departments.

Preparation and processing of accounting and financial information

Accounting standards used

The statutory financial statements of each entity are prepared in accordance with the generally accepted accounting principles in the country in which the entity operates.

Since January 1, 2006, the Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The Group Accounting Standards unit, which is part of the Group Regulation & Consolidation department, determines the accounting standards that shall apply to the entire Group. IFRS are to be used by all entities that publish consolidated financial statements in accordance with said standards; French generally accepted accounting principles are to be used in preparing statutory financial statements.

This unit monitors regulatory change and sets forth new standards and interpretations to reflect the latest regulatory developments. All entities can access an IFRS manual and a manual of French generally accepted accounting principles on the Group's Intranet.

In addition, the Group Regulation & Consolidation department represents the Group, contributing to the work of the *Conseil national de la comptabilité* (French National Accounting Board banking section), the *Fédération bancaire française* (French banking federation tax and accounting committees), the European Banking Federation and the European Savings Banks Group (ESBG).

In the area of internal control, the Group bases its approach on the framework set by the *Comité de la réglementation bancaire et financière* (French Banking and Financial Services Regulatory Committee (CRBF)) in regulation 97-02, as amended on March 31, 2005, relating to internal control within credit institutions and investment companies.

Organization of accounting control

The following persons and units are essential to the Group's system of permanent accounting controls:

- the company officer vouches for the quality of all accounting and financial information provided to the Group's management or governing body, submitted to the regulatory and supervisory authorities or contained in published documents;
- the Chief Accountant ensures that internal accounting procedures and the system for checking accounting treatments work properly so that he or she may attest that the accounting data is both accurate and consistent with the Group's accounting policies. The Chief Accountant reports to the company officer on his or her internal control work;

- the operating units and accounting production units perform permanent first-tier accounting controls on the activities under their responsibility;
- an accounting review unit performs most of the second-tier controls. This unit reports operationally to the Chief Accountant and functionally to the Compliance Officer.

Organization of the CNCE accounting function

Accounting functions were centralized in November 2008, with the exception of accounts for banking and electronic payment systems activities, which are subcontracted to GCE Paiements. The centralization of accounting departments stems from the CNCE's goal of further improving its accounting performance by standardizing accounting practices, merging the management of different departments, and providing a clear delineation between business lines. The General Accounting department therefore has a second-tier control unit which checks the compliance and accuracy of information produced in the process of monitoring capital markets and lending activities, banking production and retail custody services. Additional staff were assigned to this department in 2008.

In its role as the second-tier control unit, the General Accounting department relies on accounting reporting packages submitted at regular intervals in accordance with time limits specified in reporting instructions. It also carries out detailed work programs setting out, by activity and account type, controls to be performed to meet the required objectives.

The unit issues conclusions and recommendations on the basis of these controls, the substance of which is reported to operational management and the Management Committee.

For capital expenditure and overhead accounting, risk control and quality of information rely mainly on information processing and control procedures which establish the principle of segregation of duties between commitment and payment of expenditure.

Commitments

Within each division, department and unit, a list is kept of individuals with authority to commit expenditure on behalf of the CNCE, subject in some cases to upper limits. Commitments are recorded by the contracting unit in a dedicated purchase order and acceptance system, which pre-allocates the expenditure to the appropriate accounting and budget captions.

Payments

Invoices and other requests for payment are checked against goods and services ordered and accepted. Payment approval requests are checked by an authorized individual. With some exceptions, payments require two signatures.

The second-tier control unit also checks the quality of information processing in this area, in particular by checking estimates of accrued expenses prepared by the contracting units to ensure that they comply with the law relating to liabilities.

It is important to note that there is a separation between work relating to commitments and work relating to payments, and that this work cannot be handled by the same person.

Organization and systems used in preparing consolidated financial data

The data used to prepare the Group's consolidated financial statements is collected through a system in place at all Group entities that ensures the secure transfer of all accounting data checked and entered by local accounting staff and all consolidation adjustments. Administration and maintenance of the system is handled by a dedicated team that reports to the Group Regulation & Consolidation department.

The consolidated financial statements are prepared using a process that includes instructions issued to all consolidated entities in order to ensure the uniformity of accounting data and its consistency with Group accounting policies.

The Group Consolidation department validates the compliance of the scope of consolidation with accounting policies and performs multiple checks on the data submitted in consolidation reporting packages. Validation procedures are applied at each stage of data compilation and processing in order to ensure that data aggregation, consolidation restatements, adjustments and eliminations of intercompany transactions and balances, have been correctly performed, and generally to deal with all critical issues in the consolidation process.

This department is responsible for guaranteeing the quality of summarized data. To fulfill that responsibility, it analyzes the most sensitive financial statement line items (e.g. provisions, equity, deferred taxes) and performs analytical reviews to check the main financial statement aggregates for consistency.

Periodic control over the system for preparing consolidated financial data

In June and July 2007, the CNCE Internal Audit department carried out an engagement within the Group Regulation & Consolidation department. The controls carried out by the Internal Audit department did not identify any major risk.

Committees involved in preparing and processing accounting and financial information

The processing of complex accounts of any kind (whether they involve structured products, business combinations or any other issue) is examined by the Group Regulation

& Consolidation department of the CNCE in coordination with the Statutory Auditors.

The solutions recommended and validated by the CNCE's Chief Financial Officer are submitted primarily to three committees:

- the Coordination Committee for Monitoring the GCE's Activities and Results. In addition to addressing ad hoc issues, the Coordination Committee for Monitoring the GCE's Activities and Results is tasked with reviewing the timeframe for financial statement approval and for financial reporting and communication as well as provisional financial statements (the CNCE's parent company financial statements and the consolidated financial statements of the groupe CNCE and Groupe Caisse d'Epargne);
- the Group National Finance Committee;
- the National Finance Advisory Committee.

The Audit Committee assists the Supervisory Board in its role of checking and reviewing the financial statements and the Management Board's report on the Company's business. Other powers granted to the Audit Committee include:

- reviewing the annual and interim parent company and consolidated financial statements, the Company's draft budgets (at both parent company and consolidated level), and corporate financial documents distributed at the accounting period-end;
- issuing an opinion on measures proposed by the Management Board in the event of a deterioration in the financial position of the Company, its subsidiaries, or the Caisses d'Epargne, or in the event of the application of financial guarantee clauses;
- issuing an opinion on the appointment or reappointment of the Company's Statutory Auditors and reviewing their work programs, audit conclusions and recommendations, and any follow-up action in response to their recommendations.

The Audit Committee may also examine any financial or accounting issue referred to it at the request of the Supervisory Board.

Relations with the Statutory Auditors

In accordance with professional guidelines applicable in France, the Statutory Auditors perform any procedures they deem appropriate to assess the fairness of the accounting and financial information published by the Group. This involves auditing parent company and consolidated financial statements and performing limited reviews of the interim consolidated financial statements and quarterly financial data.

The Statutory Auditors are required by law to review any significant changes in accounting policies and practices and their effect on the accounting and financial information presented by the Group and to express an opinion to the CNCE's Audit Committee and Management Board on the significant accounting policies and their conclusions as to the fairness of said accounting and financial information.

It is also the responsibility of the Statutory Auditors to review the Registration Document, as well as any update to the Registration Document, transaction memorandum or prospectus accompanying a new issue of debt securities that contains all the financial information in the Registration Document and that is subject to approval by or registration with the AMF.

2.1.3 Risk management procedures

Organization and committees

Group Risk Management (GRM)

Risk controls performed by Group Risk Management (GRM)

Credit, market and operational risks are managed by Group Risk Management (GRM), which reports to the Chairman of the CNCE Management Board. Its position guarantees its independence in relation to operating activities that generate net banking income. It has no operational delegation in terms of risk taking.

GRM determines risk management policies, manages their implementation and oversees their application by the Group's various entities. It is in charge of risk measurement, monitoring and oversight as defined in CRBF regulation 97-02. As such, it recommends and investigates limit-setting systems and ensures that they are adhered to for the biggest risks.

GRM oversees credit risk in two ways: it provides an ex ante second opinion on risks submitted to the Commitments Committee and ex-post controls bearing on its entire scope of responsibility for risk monitoring and control.

In order to carry out its assigned tasks, GRM has set up a risk management function applicable to all Group entities, based on the principle of the homogeneous organization of risk monitoring and control. More than 600 FTEs have been assigned to the Group's Risk Management department.

GRM is responsible for integrating the requirements set out by the Basel II Committee within the Group's risk monitoring system.

GRM is also responsible for consolidated credit, market and operational risk reporting to Groupe Caisse d'Epargne's corporate governance structures and the banking regulator.

At CNCE level, a general summary has been provided for the Management Board's report to the Supervisory Board.

Governance

GCE

Each business line is responsible for any risks incurred. Decisions are made by representatives (whether Corporate Officers or not) designated by name in committees (described below) held only in the presence of members of the Risk Management function. In such case, the representatives are free to make decisions as they see fit. The risk managers in the various entities have the responsibility to provide a second opinion on commitment requests, including the obligation to inform the GRM department in the event of difficulties or disagreements on important issues and, if need be, to request that the matter be referred to the Group's Credit Committees.

Group Risk Management (GRM) manages, monitors and controls credit, market and operational risk through several committees, as described below.

Natixis

The head of risk at Natixis reports to the risk managers of the CNCE and the Banque Fédérale des Banques Populaires, who approve the appointment or dismissal of Natixis' risk manager and are entitled to receive all appropriate information.

The risk managers of the CNCE and BFBP are informed of the appointments or dismissals of risk managers within the subsidiaries or business segments. They are also entitled to sit in on all Natixis group Risk Committee meetings.

Together, the Risk managers of Natixis, the CNCE and BFBP approve the Natixis risk management charter.

In 2008, the task forces set up as part of the tripartite Risk Convergence Plan (CNCE, Natixis, BFBP) focused primarily on:

- joint oversight of Natixis and the means of reinforcing it, particularly in the light of the sub-prime crisis in the summer and its financial consequences;
- Natixis methodology for rating third-party sovereigns and banks (OECD and non-OECD), Natixis being the sole provider of counterparty credit ratings for GBP and GCE. This methodology is to be validated in the first quarter of 2009;
- Natixis' treatment of ALM risks, in conjunction with central institutions;
- treatment and monitoring of operational risks;
- coordination with respect to the timetable for the shift to the IRBA approach.

Risks managed by the Group Finance department

ALM risks (liquidity, interest rate and currency) are measured and managed by the CNCE, in its capacity as central institution. Responsibility for this task goes to the Group Finance department's ALM, Refinancing and Financial Communication department (and more specifically the GCE ALM Committee). The national oversight structure works with the GCE ALM Committee and the Commercial Banking ALM Committee, closely supervised by the Group Risk Committee, which provides final approval for the main standards and limits adopted by the GCE and their use by the Group's various entities. Each of the Group's credit institutions also has an ALM Committee and is responsible for its own ALM risk management in line with Group standards and exposure limits. The Natixis risk exposures are monitored by its two central institutions, the CNCE and BFBP, via the Global Risks Committee set up as part of the dual management structure.

GCE's ALM service provides second-tier monitoring of the ALM risks of GCE and its consolidated entities, operational management being the responsibility of individual entities. It also ensures, in its quarterly reports, the respect of gap and sensitivity limits set at the GCE level. Its main tasks are set out in GCE's ALM charter, and can be summarized as follows:

- communicate to decentralized ALM committees all ALM standards approved by GCE's ALM Committee;
- communicate to decentralized ALM committees any limits imposed by GCE's Risks Committee on proposal put forward by the ALM Committee;
- implement the ALM tool for the integration and consolidation of decentralized ALM reports and, more generally, data processing;
- prepare files for GCE's ALM Committee including consolidated functional balance sheets, consolidated ALM indicators, prudential ratios and monitoring of refinancing;
- propose corrective measures to GCE's ALM Committee wherever necessary;
- monitor prudential ratios, refinancing and contributions made by institutions affiliated to the CNCE;

The CNCE is part of this charter by means of its own ALM Committee and by virtue of the fact that it takes on ALM risks at the consolidated level.

Risks managed by the Group Security and Compliance unit (GSC)

The Group Security and Compliance unit (GSC) reports to the Chairman of the CNCE Management Board. It is responsible for permanent controls monitoring compliance risks in broadly defined banking and financial activities, and the risk of undermining the security of these activities, which are not directly monitored by Group Risk Management. As such, it defines, or helps define standards, processes and tools for controlling compliance risk, and risks relating to the security of information systems and business continuity. The Group Compliance and Security unit performs its work as required by the Articles of CRBF regulation 97-02 (as amended) pertaining to the compliance control process.

Group Compliance and Security is tasked with ensuring that the above-mentioned controls to monitor risks at the Groupe Caisse d'Epargne and CNCE levels are consistent and effective, and with centralizing reporting packages.

Risk events qualified as incidents monitored by Group Compliance and Security are reported as they occur by integrating these compliance risks into the operational risk reporting database (*ORiS*). For more significant events, a quarterly consolidated report for all Groupe Caisse d'Epargne entities is also provided to the central institution.

Committees

GCE scope

- The Group Risk Committee generally meets on a monthly basis. Further Meetings are held as necessary. It is chaired by the Chairman of the CNCE Management Board. It sets exposure limits for the Group as a whole (by business sector, country, rating, etc.), and for each entity (e.g. credit or market risk). It also deals with any projects or counterparty commitments exceeding specified thresholds (in absolute terms or as a percentage of the originating entity's capital). The Committee is also responsible for providing general validation of methodologies and Group procedures – along with monitoring their implementation – as well as overall control of credit and market exposure.
  The Group Risk Committee met nine times in 2008.
- The Major Counterparty Credit Committee holds Meetings at least twice a month. Further Meetings are held as necessary. It is chaired by the Chairman of the CNCE Management Board. It is tasked with setting ratings, conducting annual reviews and putting ceilings on commitments to major counterparties that are in excess of the authorized exposure limits attributed to the originating entity (but below the limits set by the Group Risk Committee). It is also responsible for validating the methodologies used in rating major counterparties.
  The Major Counterparty Credit Committee met 15 times in 2008.
- The Credit – Regional Development Banking Committee meets at least weekly. Further Meetings are held as necessary. It is chaired by the Chairman of the CNCE Management Board. It deals with consolidated or advanced method ratings, annual reviews and ceilings for SMEs, Property Developers, Land Developers, and Asset Management Associations when the limits demanded are above authorized exposure limits attributed to the originating entity or transfer thresholds set for the Caisses d'Epargne et de Prévoyance each year. The Credit – Regional Development Banking Committee is empowered to assess risks of up to €100 million. Decisions on amounts above that sum are made by the Risk Committee.
  The Credit – Regional Development Banking Committee met 43 times in 2008.
- The Watchlist and Provisions Committees hold quarterly Meetings chaired by the Chairman of the CNCE Management Board. They review all commitments to counterparties that may require review by the Group Risk, Major Counterparties and SME Credit Committees.
  The Watchlist and Provisions Committees met four times in 2008.
- The Market Risk Committee holds monthly meetings. It is chaired by the Chairman of the CNCE Management Board. It is tasked with approving market exposure limits for individual entities. It also monitors drawdowns and breaches of market exposure limits, and any corrective action taken for the Group as a whole. Lastly, it monitors stress tests, and is responsible for validating the methodologies used in developing market risk models and stress tests.
  The Market Risk Committee met eight times in 2008.
- The Funds Risk Committee meets monthly. It is chaired by the Chairman of the CNCE Management Board. It is tasked with carrying out analyses, and setting ratings and limits for all types of funds (mutual funds, unregulated funds, private equity funds) in which Group entities wish to invest and which fail to fulfill a number of basic requirements. The Committee also reviews analyses, ratings and exposure limits pertaining to fund management companies. Finally, it is responsible for validating the analysis and rating methodologies used within its sphere of activity.
  The Funds Risk Committee met nine times in 2008.
- The Operational Risk Committee meets quarterly. It is chaired by the Chairman of the CNCE Management Board. It analyzes Group operational risk policy, and reviews incidents and action plans. It is also responsible for validating the methodologies used to track operational risks.
  The Operational Risk Committee met four times in 2008.
- The GCE ALM Committee meets quarterly. It is chaired by the Management Board member in charge of Finance. It is responsible for setting the Group's ALM risk limits and, more broadly, approving the standards and methods applied by the GCE prior to final validation by the Group Risk Committee. It also has responsibility for monitoring GCE's ALM indicators and the respect of the related ceilings.
  The GCE ALM Committee met four times in 2008.
- The Commercial Banking ALM Committee meets quarterly. It is chaired alternately by the Management Board member in charge of Finance and the Management Board member in charge of Development. It monitors the ALM risks for the Group's entire commercial banking operations outside the Crédit Foncier group.
  The Commercial Banking ALM Committee met four times in 2008.

Natixis

Effective coordination of risk management is ensured by the three committees described below. Special purpose committees will be set up on an as-needs basis.

- A Standards & Procedures Committee, which is chaired jointly by the risk Directors of the CNCE and BFBP and includes the head of risk at Natixis, is mainly tasked with formulating a common body of standards (or validating such standards in the event that the Committee decides to delegate this work). These standards mainly concern the organization of the Risk Management function, risk evaluation methods and consolidated risk management reporting.
  The decisions of the Committee are subject to the approval of the two shareholder groups.
- A Risk Information Systems Committee, which is chaired jointly by the risk managers of the CNCE and BFBP, and includes the head of risk at Natixis and the IT Directors concerned. It is tasked with project management for risk information systems common to the two shareholder groups and Natixis, and required within the scope of consolidated risk supervision.
  The decisions of the Committee are subject to the approval of the two shareholder groups.
- A joint Global Risks Committee, set up at the behest of the CNCE's Management Board and BFBP's Board of Directors, which is jointly chaired by a member of the CNCE's Management Board and a member of BFBP's Management Committee and consists of four members (two appointed by the CNCE and two by BFBP). This committee:
  - approves the overall risk exposure limits proposed by Natixis by type of risk in accordance with Article 33 of CRBF regulation 97-02 and ensures compliance with the said limits;
  - deliberates on commitments that breach the major risk commitment ceilings by business unit that were assigned in conjunction with the two shareholder groups, when these commitments require the two shareholder groups or their networks to provide guarantees or syndication for the portion in excess of the ceiling;
  - reviews, on an annual basis, risk strategies, exposure limits, and ratings for each major counterparty risk;
  - conducts periodic analyses of the major risks areas for Natixis. As part of this analysis, it may review sensitive projects that may or may not be common to the two shareholder groups, or operations of an exceptional nature;
  - arbitrates on all issues of common interest concerning the organization and monitoring of consolidated risk and risk management delegations.

The Risk units of the CNCE and BFBP help to prepare the work of the committees in conjunction with the Natixis Risk department.

In 2008, there were:

- four Standards & Procedures Committee Meetings;
- one Risk Information Systems Committee Meeting;
- nine Global Risks Committee Meetings.

The main types of risk

Credit and counterparty risk

Each Group entity is responsible for defining its own risk policy, which must be consistent with its development policy. Risk policy must be made known to the entity's Market and Risks functions (by means of a manual of best practice, model instruction or follow-up sheets, etc.) in order to ensure its application.

Basel II and economic capital tools should be used to provide the appropriate relationship between the risk taken and the price charged.

Internal ratings

Each customer is rated using an internal ratings-based approach tailored to the class of assets to which he or she belongs. This method is common to the entire group, whether or not the customer has relationships with several Group entities:

- score-based methods for retail customers and regional public sector customers;
- methods combining statistical and qualitative techniques for SMEs, or expert methods for some specific sectors;
- advanced methods for major accounts/counterparties.

Internal score-based or combined rating methods are calculated using rating algorithms developed by DRG and applied to counterparties or commitments by account managers, or by risk management departments for consolidated ratings of groups of SMEs. It is not possible to modify ratings obtained from rating systems, except in the case of consolidated ratings attributed to groups of SMEs. If, by virtue of levels of delegation, files are submitted for a second opinion to the entity-level Risk Management unit or to Group Risk Management, the credit ratings are reexamined.

Advanced-method internal ratings are based solely on analyses carried out jointly by GRM and Natixis (which has sole responsibility for rating banks, insurance companies and sovereigns, and provides reference ratings for some large shared corporations). They contain all the evaluation elements included in the methodology that are appropriate to the counterparty.

Each internal credit rating is reviewed at least annually in line with the rules approved for each class of assets and customer/counterparty type, or more frequently in the event of a material increase in risk.

Credit exposure limits

GCE uses three main types of credit risk exposure limits: exposure by country, exposure by business sector (for large corporations, SMEs and self-employed professionals), and exposure by customer or counterparty.
Exposure limits are set for GCE excluding Natixis.

Limits by country are reviewed annually and validated by the Group Risk Committee, based on analyses and proposals submitted by GRM, taking into account the needs expressed by GCE entities and internal ratings provided by Natixis (which has exclusive responsibility for rating countries).

Limits by business sector are set for all major corporate counterparties (and dependent entities), including insurance but excluding real estate (real estate being subject to specific evaluations). The process of setting limits is based on macroeconomic criteria and each sector's risk profile, which are then set against aggregate individual limits and commitments. These limits are also reviewed at least once every year, or more frequently in the event of a material increase in sector risk. They are validated by the Group Risk Committee.
The real estate sector is subject to specific evaluations, given its specific nature. These evaluations have been outlined to the Group Risk Committee.

Individual limits on major counterparties are recommended on the basis of analysis of the counterparty, internal ratings, commitments and the specific needs expressed by GCE entities. These limits are validated by the Major Counterparty Credit Committee or by the Group Risk Committee if the limit to the Major Counterparty Credit Committee's delegation has been breached. Natixis' limits by counterparty are subject to the validation of the monthly Global Risks Committee for major risks.
Limits on major local authorities and institutions are also validated by the Major Counterparty Credit Committee, on the basis of internal ratings obtained using the E-local algorithm and the specific needs expressed by GCE entities.

In addition, GCE entities must respect, at their own level, limits concerning their financial transactions (proprietary trading and medium to long-term portfolios), so that risk is appropriately spread across portfolios. These limits include minimum or maximum portfolio outstandings by internal ratings tranche, maximum outstandings by economic sector, country selection guidelines, etc.

Limits for securitized or fund assets (mutual funds, hedge funds, private equity funds) are subject to specific selection rules (market share, ratings, type of funds, liquidity, etc.).

Specific arrangements are in place for SMEs and the real estate market (developers, renovators, builders):

- individual GCE entities set internal limits for SMEs, for the real estate market, and for each SME or property developer customer, within the bounds of the reporting thresholds of Caisses d'Epargne et de Prévoyance as well as delegations for subsidiaries, validated by the Group Risk Committee;
- thresholds above which credit exposure to SMEs must be reported to GRM have been set for the individual Caisses d'Epargne depending on their level of core Tier-1 capital as at March 31, 2008. These thresholds are calculated by Basel II rating tranche, and are set in accordance with the revenues of the specific company or group of companies, the nature of the financing (with or without collateral, LBO, etc.), and if necessary the sector (sectors "under surveillance");
- for the real estate market (developers, builders, renovators), reporting thresholds have also been set for the individual Caisses d'Epargne et de Prévoyance. They are consistent for all Caisses d'Epargne et de Prévoyance, and take into account the rating of both the customer and the specific transaction;
- for credit exposure above the reporting thresholds set for the individual Caisses d'Epargne et de Prévoyance and delegations for subsidiaries, individual limits for groups of counterparties are set by the Credit – Regional Development Banking Committee. This limits apply to all Caisses d'Epargne et de Prévoyance and group entities.

Decision-making, delegations and committees

Committees are empowered to make decisions. Meetings can be convened on an as-needs basis, as often as necessary, for decisions on pressing topics.
Entity exposure limits are adopted by individual entities' Risk Committees, in accordance with the general principals outlined by GRM: internal ratings (score-based or expert) must systematically be taken into account prior to a commitment being made; independent second opinions must be obtained, two signatures are required and group ceilings must be respected.
GCE subsidiaries excluding Natixis (Crédit Foncier de France, Banque Palatine, Océor) are bound by specific delegation systems. Credit exposure above the delegation limits is subject to an independent analysis or expert opinion, and a recommendation by GRM. The final decision is taken by the relevant Group level committee. These delegations are attributed by the Group Risk Committee, on the proposal of GRM.

For SMEs, GRM's "Regional Development Analyses" department analyzes the files of SMEs that have already been rated by the ANADEFI system at parent company level, and wherever necessary rates the company's subsidiaries or verifies the rating carried out by an entity's Risk Management department, submits its independent report to the Credit – Regional Development Banking Committee and makes a recommendation as to the customer's consolidated rating, which the Committee then validates.

For major counterparties (including large Local and Institutional authorities and sovereigns), the Major Counterparty Committee or the Group Risk Committee, depending on the appropriate exposure limits, are empowered to validate internal ratings and GCE limits excluding Natixis, as provided by the Major Counterparty Credit Risk Analysis department. These committees meet monthly. Their decisions are made known to the Group's various entities, and included in exposure- and limit-monitoring tools.

The monthly Global Risk Committee carries out ex-ante deliberations on the Natixis commitments that breach major risk commitment ceilings by business unit that were assigned in conjunction with the two shareholder groups, whenever these commitments require the two shareholder groups or their networks to provide guarantees or syndication for the portion in excess of the ceiling. It also performs an ex post review of risk management strategy, and exposure limits and ratings in respect of major individual and counterparty risks borne by Natixis.

Exposure limit overruns and warning procedure

Exposure limit overruns must be discussed at Group Risk Committee Meetings. Any breaches must be followed by an investigation of the entities concerned or, when the breach occurs as a result of a data-related problem, action to improve the quality of the Risk Information Systems.

During annual counterparty reviews, or as part of the evaluation of specific transactions, the Major Counterparty Credit Risk Analysis department examines possible breaches and recommends revised limits, which are validated by the Major Counterparty Committee or the Group Risk Committee.

Distressed counterparties can be placed on a Watch-List for monitoring purposes, or classified as non-performing loans. Specific Watch List and Non-Performing Loans Committees meet quarterly to make decisions pertaining to internal ratings, exposure limits, and possible provisions.

Market and financial Risks

Market risks

A process has been developed to analyze consolidated and entity-level exposures based on standard indicators calculated using the same methods throughout the Group. Daily VaR calculations (based on a 99% confidence level and a 1-day holding period) are performed for proprietary trading operations carried out by the Commercial Banking division (CNCE, Caisses d'Epargne and subsidiaries) and the Investment Banking business. Group-wide VaR calculations are based on *Scénarisk* software, which was developed by Natixis. VaR estimates are also computed on a daily basis on medium and long-term portfolio transactions carried out by Commercial Banking entities.

The limits for the Commercial Banking division reflect the segmentation of the division's financial operations between proprietary trading on the one hand and ALM and the management of medium- to long-term positions on the other.

The goal behind proprietary trading is to increase net banking income by carrying out trading operations geared towards making capital gains. These operations must respect the goals and the limits set out by the Management Board in an annual letter setting the proportion of earnings that may be put at risk, the amount of equity that may be committed and a target ROE. This compartment may therefore only include liquid products.

The medium to long-term investment portfolio serves to ensure, as part of broad balance-sheet management, long-term investment for surplus equity. This portfolio is intended to house medium to long-term investments, in the aim of generating recurrent revenues or of building up a store of unrealized capital gains. It is subject to volume and volatility standards.

The charter dealing with risk management approved at the end of 2005 has been updated on several occasions (most recently in 2008, with the updated version coming into force as of October 2008).

As part of the update, the guidelines were reviewed. They now include:

- an overall VaR limit for all proprietary trading activities;
- stop-loss limits for proprietary trading activities;
- volume limits and rotation rates for medium- and long-term trading positions;
- a liquidity reserve in the form of securities eligible to given to the ECB as collateral;
- ALM gross operating income sensitivity limits;
- NAV sensitivity limit set by the ALM Committee.

These limits are determined at national level and then allocated among the Group entities. There are guidelines governing the allocation of VaR in proprietary trading, taking into account each entity's relative contribution to equity and the Group's earning capacity.

Procedures for managing breaches to VaR limits, included in the *Group Risk Manual*, describe the steps needing to be taken. They are specific to each limit category (Group regulatory VaR limits or individual VaR limits for each entity), and distinguish between the following cases:

- breaches made by one or more entities in relation to their individual limits;
- breaches stemming from an across-the-board deterioration in the level of intra-group diversification, or from a significant change in market variables (a substantial increase in volatility for instance).

Financial risk

GCE's risk policy, with respect to new investments proposed by its various entities, is set out in the following documents relating to:

- criteria relating to approved financial products, which gives the list of financial products that may be used by GCE entities as part of their financial activities, on the condition that they respect other limits (counterparties, VaR, rotation rates, etc.) drawn up locally or at Group level;
- procedures relating to new financial products and new financial activities;
- updated procedures relating to new financial products and new financial activities setting out mandatory procedures for the approval of new financial products or activities;
- mandatory investment procedures for GCE entities excluding Natixis, which describe the procedures needing to be followed to invest in bonds;
- procedures applicable to investments falling under the powers of the Investment Risk Committee, which describes the procedures needing to be followed (entity exposure limits where appropriate) to invest in funds of listed or unlisted assets, securitization vehicles and structured products validated by the New Financial Products and New Financial Activities Committee.

ABIS is the management tool (Intranet/Internet) for investment requests involving listed and unlisted asset funds (private equity/infrastructure/real estate) and structured EMTNs.

The main functionalities of this tool allow:

- management of investment requests involving listed and unlisted asset funds (private equity/infrastructure/real estate) and structured EMTNs;
- management of bond investment requests (in the process of being finalized);
- monitoring of requests in progress (traceability of investment requests);
- access to GRM scores and analysis of listed funds and management companies approved by the CNCE.

Its coverage is to be extended over time to include all financial products requiring counter analysis by Group Risk Management.

ALM risks

ALM risks include liquidity, interest rates and foreign exchange. Their measurement and treatment is summarized below.

Liquidity risk is monitored at several levels:

- at GCE level: the consolidated interest rate gap for GCE (excluding Natixis [(1)]) and the interest rate gaps of the main components of the Consolidated GCE ALM analysis (Commercial Banking (excluding the Credit Foncier group), Crédit Foncier de France group, CNCE parent company, Eurosic, Nexity and Natixis) are monitored on a quarterly basis by the GCE ALM Committee. The committee sets liquidity risk exposure limits for the GCE and each component and submits these proposals to the approval of the GCE Risks Committee. The authorized limits are reviewed annually; the CNCE may decide to modify them in the event of a liquidity crisis, after hearing the opinion of the GCE ALM Committee. These exposure limits for the GCE and the main components of the Consolidated GCE ALM analysis are monitored by the GCE ALM Committee each quarter;
- for commercial banking excluding the Crédit Foncier group: each quarter, the Commercial Banking ALM Committee monitors liquidity gaps and corresponding exposure limits for the Commercial Banking division as a whole, as well as for individual entities;
- for CNCE: the liquidity gap for CNCE is monitored on a daily basis up to five months, then on a weekly basis up to 10 years. The CNCE Finance and Risk Committee, which meets monthly, checks that the liquidity gap falls within the assigned limit. This work is repeated by the CNCE's quarterly ALM Committee;
- at the local level: Commercial Banking establishments and the Crédit Foncier de France Group monitor their liquidity requirements on a day-to-day basis. The ALM Committee compares the liquidity gap to the exposure limit on a quarterly basis.

In addition to controlling liquidity risk, the GCE ALM Committee validates the annual refinancing requirements of the CNCE and the Crédit Foncier de France Group using various market access instruments and programs (for short-term and medium to long-term needs). The GCE's refinancing sources consist of customer deposits, mainly from the Commercial Banking division excluding the Crédit Foncier group, and funds raised on the market by four issuers: CNCE and GCE Covered Bonds (issuer operated by the CNCE), mainly to meet its own requirements and those of the Commercial Banking division excluding the Crédit Foncier group, Compagnie de Financement Foncier, the largest issuer of AAA-rated covered bonds, mainly to satisfy the needs of Crédit Foncier, and Natixis, to satisfy its own needs and those of its subsidiaries.

(1) The consolidated view does not include Natixis, data for which are to be incorporated into the ALM consolidation tool on the basis of data at the close of accounts for the year ended December 31, 2008 (in accordance with the Natixis risk convergence plan).

In parallel, a mechanism was implemented in early 2008 in order to allow the Group to handle a possible liquidity crisis (a financial crisis causing Groupe Caisse d'Epargne to encounter difficulties in raising liquidity on the capital markets, due either to signature-related issues or to a systemic crisis sparked by market events). The goal of the mechanism is to allow the Group, should such a crisis eventuate, to meet its commitments, to satisfy the minimum refinancing needs related to its commercial activities, and to bear the distortion of the balance sheet anticipated in the wake of such a crisis. The business continuity plan is based on the constitution of a liquidity reserve comprising assets that could be used as collateral to obtain funds from the European Central Bank. The environment prevailing in the latter part of the year led to the activation of this mechanism in mid-September, both for the refinancing needs of the CNCE (including the CNCE parent company and the Commercial Banking division excluding the Crédit Foncier group) and within each of the Group's various entities. Its activation at the CNCE level led to the centralization of ECB-eligible collateral at the CNCE's central treasury and the identification of large volumes eligible for financing by the *Société de Financement de l'Economie Française* (SFEF), a French government sponsored vehicle set up to issue senior funding for French banks. The Group was also able to gain financing from the EIB by virtue of its public-sector and corporate clienteles. The Crédit Foncier Group also set aside a substantial ECB-eligible liquidity reserve. Broadly speaking, the Group has sufficient resources to enable it to emerge from the crisis safely.

Interest rate risk is similarly monitored at several levels, for various product indicators:

- the consolidated interest rate gap for GCE (excluding Natixis [(1)]) and the interest rate gaps of the main components of the Consolidated GCE ALM analysis (Commercial Banking, Crédit Foncier de France group, CNCE parent company and Natixis) are monitored on a quarterly basis by the GCE ALM Committee. The Commercial Banking ALM Committee monitors interest rate gaps for the Commercial Banking division and its entities on a quarterly basis. The CNCE Finance and Risks Committee also monitors the CNCE's interest rate gap on a monthly basis, while its ALM Committee looks at it on a quarterly basis. Locally, the interest rate gap is monitored by the quarterly ALM Committees of each Commercial Banking establishment and Crédit Foncier de France group;
- in addition to the interest rate gap, the same Committees also calculate and monitor the sensitivity of net present value (NPV) on a quarterly basis;
- last of all, the sensitivity of the net interest margin as a proportion of gross operating income is calculated quarterly by Commercial Banking entities excluding the Crédit Foncier group, on the basis of four scenarios of short and long-term interest rate fluctuations.

Foreign currency risk management for GCE entities (excluding Natixis) is monitored using regulatory indicators (corresponding capital adequacy requirements by entity). The residual foreign currency positions held by the Group (excluding Natixis) are not material because substantially all foreign currency assets are match funded in the same currency. As regards the financing of international transactions, risk-taking must be limited to counterparties in countries with freely convertible currencies on the condition that conversions can be technically carried out by the entities' information systems. Monitoring of Natixis foreign currency risk as an ALM risk depends on net foreign investments that are refinanced by purchasing currencies; foreign currency positions in the trading portfolio that are marked to market, and for which VaR limits are set, are monitored as part of the market risk management process. Natixis foreign currency positions are tracked on a quarterly basis by its ALM Committee, in terms of both notional position and Tier-1 sensitivity. The resulting risk indicators are submitted to the GCE ALM Committee on a quarterly basis.

Risks relating to the CNCE's activities as a bank with proprietary activities and as a service provider for the Group

The scope of the banking portfolio covers the following aspects:

- activities conducted as the Group's holding company: capital and long-term asset management;
- activities conducted as GCE's central treasury since January 1, 2006, following the elimination of the Martignac Finance structure: internal loans, short-term investments, loans to affiliates, market financing and affiliate deposits;
- financial activities: proprietary medium and long-term portfolio investment and management mandates (the main part of the portfolio consists of seed money for various GCE asset management entities). Following the €752 million loss in October, the trading activity has been stopped, and the proprietary MLT and delegated management portfolios (excluding seed money) are now being managed on a run-off basis.

(1) The consolidated view does not include Natixis, data for which are to be incorporated into the ALM consolidation tool on the basis of data at the close of accounts for the year ended December 31, 2008 (in accordance with the Natixis risk convergence plan).

Risk selection and monitoring: these activities are subject to various risk measures at Group Finance department level and are also monitored by Group Risk Management. The following are addressed in monthly reports:

- economic capital and regulatory capital consumption;
- monitoring of regulatory ratios (liquidity ratio, long-term resources ratio for internal use);
- liquidity gap and monitoring of the limit;
- interest rate risk (based on a static position until termination on the balance sheet at the reporting date): upward or downward trend, steepening, flattening;
- calculation of VaR for each subportion of the portfolio of financial activities and calculation of a global VaR;
- stock market risk (with three sensitivity measurements: index rise/fall, September 11, 2001-type stress and two calculations of VaR – parametric and Monte Carlo);
- foreign currency risk, with two calculations of VaR (parametric and Monte-Carlo).

In addition to these risk limits, maximum outstanding limits are applied.

In terms of liquidity risk, the CNCE managed its resources prudently over the course of 2008, in the midst of a "liquidity crisis." This strategy enabled it to keep its regulatory liquidity ratios well above the required minimum.

Operational risk

Groupe Caisse d'Epargne's operational risk management framework is governed by a series of guidelines and governance rules validated by the Group Risk Committee in October 2005. The framework is structured around an Operational Risk Management unit, which comprises designated operational risk managers each in charge of a network of risk officers in their own businesses. The system is supervised at Group level by the Group Operational Risk Committee, which meets every quarter to ensure that the operational risk management procedures applied within the Group are effective, and to analyze the main known and potential risks in each institution.

All GCE's banking institutions and other entities now use the Group's Operational Risk System (*ORiS*), in order to apply the methodologies recommended by Group Risk Management and to gather the information required to manage operational risks effectively. *ORiS* is a modular tool that can:

- via the Mapping module, identify and assess operational risks as they arise, making it possible to assess the risk profile of each GCE entity;
- via the Incidents module, collect and manage on a daily basis incidents generating, or liable to generate a loss;
- via the KRI module, to have access to advance-warning risk indicators allowing the Group to take action before incidents occur and to protect itself against environmental risk factors.

ORiS also provides users with elements for reporting, an operational risk dashboard generated quarterly on the basis of data collected. The QCB questionnaire module also allows individual entities to assess on a half-yearly basis the quality of its operational risk management mechanisms, and to use other GCE entities as benchmarks. It can also take action on specific parts of the mechanism needing reinforcement.

Compliance risk

The permanent control process for Groupe Caisse d'Epargne entities is implemented in accordance with Group standards. In particular, it aligns with the Group standard dated April 24, 2007, defining a typical internal control organization for Groupe Caisse d'Epargne entities, the compliance function charter of Groupe Caisse d'Epargne dated November 8, 2006, and a set of Group rules communicated as Group memoranda and on the Group's Intranet.

In 2008, the Group Security and Compliance unit added 21 new standards to the Group's body of standards, as well as updates of existing standards, in the following areas:

- demand deposits and associated services;
- lending (short-term loans, interest rates);
- obligations stemming from regulations relative to investment services (classification of customers, promotional communications, required checks);
- the pricing of banking services.

The Group Security and Compliance unit issued a number of instructions relative to the organization of the processes of Group entities in the following areas:

- ensuring the compliance of intermediation activities in the fields of insurance and real estate;
- management of the process of selling members' shares in local savings companies and the process of selling Natixis shares within the framework of its capital increase in the fall of 2008;
- management of commercial "challenges."

Under the control of, or with the help of compliance and permanent control departments, these different standards have been phased into the different entities' procedures and operating methods.

In 2008, the CNCE acquired a permanent control monitoring software (PILCOP) on behalf of GCE. Its purpose is to consolidate at the appropriate level the results of permanent controls conducted in each of the Group's entities. The different Caisses d'Epargne and subsidiaries started using this software in late 2008, for controls carried out by branch managers in retail banking.

The CNCE will continue to phase in this software in its branches during 2009 and will monitor work done to ensure the comprehensive nature of the shared references used for permanent controls.

Compliance management reviews continued in 2008, as defined by the 2006 compliance management review charter, in 11 Group institutions. They were aimed primarily at ensuring the appropriate organization of compliance checking in institutions visited. They were also designed to gauge respect for new regulations and Group directives, as well as the realization under satisfactory conditions of controls of operations required under regulations.

Anti-money laundering monitoring process

In 2008, Groupe Caisse d'Epargne further reinforced its vigilance, within the framework of its obligations, in respect to the prevention of money laundering, financial crimes, and the financing of terrorism, under the responsibility of the Financial Security unit of the Group Security and Compliance unit.

Apart from preparatory work for the transposition into French law of the EU's third money laundering directive, initially planned for the end of 2007, but deferred until early 2009 by the economic and financial modernization law, all Caisses d'Epargne rolled out the PROLAB tool in all branches and services, in order to combine:

- the strength represented by commercial teams' indispensable knowledge of our customers;
- the skills developed by dedicated teams in each entity.

As part of a comprehensive system of controls, this vigilance builds on the contribution of staff across the entire Group, who have been trained to this end and are kept regularly informed on questions including the emergence of zones of risk, new practices, etc.

In addition, the filtering of incoming and outgoing international money flows, and detailed reviews of their comprehensive nature, in accordance with the latest regulations adopted, also makes it possible to be kept informed of any operation initiated by, or intended for, any person figuring on official terrorist lists.

Risk linked to the security of information systems

Virtually all the Group's entities have adopted the national information systems security mechanism and provide information necessary for reports on a quarterly basis. The conclusions of these reports are circulated to all the Group's entities.

Ongoing monitoring against cybercrime is conducted on the Internet, and, whenever necessary, actions are taken, in conjunction with legal services, to protect Groupe Caisse d'Epargne's image and reputation.

A procedure warns customers who fall victim to phishing and helps them take the appropriate action. This is part of a broader coordinating mechanism aimed at fighting against this type of crime.

Further, network and systems managers benefit from real-time "vulnerability" monitoring, making it possible to act against the major faults in information systems.

National projects and new products and services are systematically vetted for issues relating to information system security and business continuity, and validated by the Group Security department, which belongs to the various national approval bodies.

Risk linked to business continuity

Group entities involved in the Business Continuity function, managed by the Group Security department, have a business continuity process intended to allow operations to continue in the aftermath of an extreme shock (Business Continuity Plan). Several entities began reevaluating this plan in 2008 in conjunction with the merger process. They all sought to ensure that existing solutions could remain operational.

The Group's renovated reporting tool can be used to follow these mechanisms on a monthly basis, in terms of scope, maintenance and test, on an institution-by-institution basis.

The mechanism's relevance is ensured first of all by the circulation of the group's overall policy, which each entity must adapt to its own organization, using documents produced collectively by the members of the function under the supervision and with the help of the Group Security department.

Due to the maturity of the business continuity solutions developed by each entity, the function's efforts can now be focused primarily on the search for ways to reinforce the various plans and to ensure they are compatible with each other. Work done in this respect concerns not only the Group as a whole, but also major external partners in relation with the Group or its individual entities.

Supervisory Board

Total number of members: 17

Representatives of Groupe Caisse d'Epargne shareholders: 15

Employee representatives: 2

Average attendance rate: 96.14%

Number of Board Meetings: 18

Expiry of terms of office: Shareholders' Meeting called to approve 2008 financial statements

Minimum number of shares to own: 1

Audit Committee	Number of members: 6 Number of Meetings: 16	Average attendance rate: 99.31%
Remuneration & Selection Committee	Number of members: 6 Number of Meetings: 14	Average attendance rate: 91.88%
Strategy & Development Committee	Number of members: 6 Number of Meetings: 6	Average attendance rate: 80.83%

Representatives of the shareholders

Members	Office held within Groupe Caisse d'Epargne	Date of birth	Positions on Board Committees	Date of appointment or cooptation by the Board	Other directorships and positions held	Attendance at Board Meetings in 2008	Attendance fees received in 2008 (for the 2007 fiscal year) *(in euros)*	Comments
Yves HUBERT (Chairman) (1)	Chairman of the Steering and Supervisory Board of the Caisse d'Epargne de Picardie	September 5, 1947	Chairman of the Remuneration & Selection Committee. Member of the Strategy & Development Committee	January 1, 2004	2	100%	51,857	
Catherine AMIN-GARDE	Chairwoman of the Steering and Supervisory Board of the Caisse d'Epargne Loire Drôme Ardèche	March 8, 1955	Member of the Strategy & Development Committee	November 16, 2006	2	100%	26,456	
François AUDIBERT	Chairman of the Management Board of the Caisse d'Epargne Aquitaine Poitou-Charentes	February 16, 1947	Member of the Strategy & Development Committee	December 20, 2007	16	100%	0	Member of the Strategy & Development Committee appointed by the Supervisory Board on January 31, 2008
Jean-Marc CARCELES	Chairman of the Management Board of the Caisse d'Epargne Languedoc-Roussillon	August 16, 1954	Member of the Strategy & Development Committee	March 7, 2007	8	100%	22,918	

(1) Excluding compensation received in his capacity as Chairman of the Supervisory Board, amounting to €80,000.

Members	Office held within Groupe Caisse d'Epargne	Date of birth	Positions on Board Committees	Date of appointment or cooptation by the Board	Other directorships and positions held	Attendance at Board Meetings in 2008	Attendance fees received in 2008 (for the 2007 fiscal year) *(in euros)*	Comments
Bernard COMOLET (until October 19, 2008)	Chairman of the Management Board of the Caisse d'Epargne Ile-de-France	March 9, 1947	Member of the Audit Committee (until October 19, 2008)	January 1, 2004	9	100%	35,416	Resignation as Vice-Chairman of the Supervisory Board on October 19, 2008
Dominique COURTIN	Chairman of the Steering and Supervisory Board of the Caisse d'Epargne Bretagne-Pays de Loire	July 4, 1946	Member of the Audit Committee	October 21, 2004	4	94%	39,122	
Jean-Pierre DERAMECOURT	Chairman of the Management Board of the Caisse d'Epargne Alsace	June 17, 1955	Member of the Audit Committee	December 20, 2007	7	100%	1,538	Member of the Audit Committee appointed by the Supervisory Board on November 6, 2008
Bruno DUGELAY	Chairman of the Steering and Supervisory Board of the Caisse d'Epargne Côte d'Azur	December 19, 1937	Chairman of the Strategy & Development Committee. Member of the Remuneration & Selection Committee	March 7, 2007	3	94%	28,347	Chairman of the Strategy Committee appointed by the Supervisory Board on January 31, 2008
Eric GRIMONPREZ	Chairman of the Steering and Supervisory Board of the Caisse d'Epargne Nord France Europe	May 2, 1940	Member of the Audit Committee	December 20, 2007	5	100%	1,538	Member of the Audit Committee appointed by the Supervisory Board on January 31, 2008
Alain LEMAIRE (until October 19, 2008)	Chairman of the Management Board of the Caisse d'Epargne Provence-Alpes-Corse	March 5, 1950	Chairman of the Audit Committee (until October 19, 2008)	January 1, 2004	20	100%	36,916	Resignation as member of the Supervisory Board on October 19, 2008
Jean LEVALLOIS	Chairman of the Steering and Supervisory Board of the Caisse d'Epargne Normandie	March 4, 1944	Member of the Remuneration & Selection Committee	January 1, 2004	5	94%	36,000	
Alain MAIRE	Chairman of the Management Board of the Caisse d'Epargne Bourgogne Franche-Comté	September 26, 1951	Member of the Strategy & Development Committee	November 16, 2006	14	100%	24,000	

Members	Office held within Groupe Caisse d'Epargne	Date of birth	Positions on Board Committees	Date of appointment or cooptation by the Board	Other directorships and positions held	Attendance at Board Meetings in 2008	Attendance fees received in 2008 (for the 2007 fiscal year) *(in euros)*	Comments
Benoît MERCIER	Chairman of the Management Board of the Caisse d'Epargne Lorraine Champagne-Ardenne	February 4, 1953	Member of the Audit Committee	July 5, 2007	13	100%	10,766	Member of the Audit Committee appointed by the Supervisory Board on November 6, 2008
Jean-François PAILLISSE	Chairman of the Management Board of the Caisse d'Epargne Loire-Centre	September 29, 1953	Chairman of the Audit Committee	March 7, 2007	12	94%	27,584	Chairman of the Audit Committee since October 21, 2008, ratified by the Supervisory Board on November 6, 2008
Bernard SIROL	Chairman of the Steering and Supervisory Board of the Caisse d'Epargne Midi-Pyrénées	August 22, 1940	Member of the Remuneration & Selection Committee	January 1, 2004	1	100%	36,000	
Michel SORBIER	Chairman of the Steering and Supervisory Board of the Caisse d'Epagne d'Auvergne et du Limousin	June 21, 1942	Member of the Remuneration & Selection Committee	March 26, 2008	3	100%	0	Cooptation by the Supervisory Board on March 26, 2008, ratified by Shareholders' Meeting on April 17, 2008
Yves TOUBLANC	Chairman of the Steering and Supervisory Board of the Caisse d'Epargne Rhône Alpes	August 10, 1946	Member of the Audit Committee	November 16, 2006	6	100%	30,456	

Employee representatives

Serge HUBER (2)	Employee	July 9, 1950	/	January 1, 2004	2	100%	NA	
Jacques MOREAU	Employee	December 19, 1948	/	January 1, 2004	2	100%	18,456	

(2) The attendance fees received by Serge Huber amount to €16,918 and were paid over to the unified labor union.
NA: not applicable.

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Non-voting members

Members	Office held within Groupe Caisse d'Epargne	Date of birth	Positions on Board Committees	Date of appointment or cooptation by the Board	Other directorships and positions held	Attendance at Board Meetings in 2008	Attendance fees received in 2008 (for the 2007 fiscal year) *(in euros)*	Comments
Joël BOURDIN	Chairman of the Steering and Supervisory Board of the Caisse d'Epargne Normandie. Senator of the Eure *département*	January 25, 1938	/	January 1, 2004	1	89%	16,918	
Jean-Marc ESPALIOUX	Chairman and Chief Executive Officer of Financière Agache Private Equity	March 18, 1952	/	January 1, 2004	6	72%	7,690	
Henri PROGLIO	Chairman and Chief Executive Officer of Veolia Environnement	June 29, 1949	Attends Remuneration & Selection Committee Meetings	January 1, 2004	22	50%	12,657	
Natixis represented by Pierre SERVANT	Chief Executive Officer of Natixis Global Asset Management	February 11, 1955	/	November 17, 2006	7	94%	15,380	Replacement of A. Orsatelli by P. Servant as Natixis' permanent representative, approved by the Supervisory Board on March 26, 2008
FNCE represented by Nicole MOREAU	Chairwoman of the Steering and Supervisory Board of the Caisse d'Epargne Ile-de-France. Chairwoman of the Board of Directors of FNCE	April 15, 1936	/	November 17, 2006	1	100%	20,000	

2.1.4 Statutory Auditors' report

PricewaterhouseCoopers Audit
63, rue de Villiers
92200 Neuilly-sur-Seine

Mazars
61, rue Henri Régnault
92075 La Défense Cedex

Caisse Nationale des Caisses d'Epargne et de Prévoyance

5, rue Masseran
75007 Paris

This is a free translation into English of the Statutory Auditors' report issued in the French language and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditors of Caisse Nationale des Caisses d'Epargne et de Prévoyance, and in accordance with Article L. 225-235 of the French Commercial Code (*Code de commerce*), we hereby report to you on the report prepared by the Chairman of the Supervisory Board of your Company in accordance with Article L. 225-68 of the French Commercial Code for the year ended December 31, 2008.

It is the responsibility of the Chairman of the Supervisory Board to describe in his report the preparation and organization of the Supervisory Board's work and the internal control procedures implemented by the Company and providing the other information as required under Article L. 225-68 of the French Commercial Code relative in particular to corporate governance structures.

It is our responsibility:

- to report to you on the information set out in the Chairman of the Supervisory Board's report on internal control procedures relating to the preparation and processing of financial and accounting information; and
- to attest that the report contains the other information as required under Article L. 225-68 of the French Commercial Code, bearing in mind that it is not our responsibility to verify the fairness of this information.

We performed our procedures in accordance with French professional standards.

Internal control procedures relating to the preparation and processing of accounting and financial information

These standards require that we perform procedures to assess the fairness of the information set out in the Chairman of the Supervisory Board's report on internal control procedures relating to the preparation and processing of financial and accounting information. These procedures mainly consisted of:

- obtaining an understanding of the internal control procedures relating to the preparation and processing of financial and accounting information on which the information presented in the Chairman's report and existing documentation are based;
- obtaining an understanding of the work performed to support the information given in the report and of the existing documentation;
- determining if any material weaknesses in internal control relating to the preparation and processing of financial and accounting information that we may have identified during the course of our work are properly described in the Chairman of the Supervisory Board's report.

On the basis of our work, we have no matters to report on the information given on internal control procedures relating to the preparation and processing of financial and accounting information, set out in the Chairman of the Supervisory Board's report, prepared in accordance with Article L. 225-68 of the French Commercial Code.

Other information

We attest that the report of the Chairman of the Supervisory Board contains the other information as required under Article L. 225-68 of the French Commercial Code.

Neuilly-sur-Seine and La Défense, April 2, 2009

The Statutory Auditors

PricewaterhouseCoopers Audit
Anik Chaumartin Jean-Baptiste Deschryver

Mazars
Michel Barbet-Massin Charles de Boisriou

2.2 Management and Supervisory Boards and executive management

2.2.1 Management Board

Members of the Management Board at the date of publication of this document

François PEROL	Chairman of the Management Board of the CNCE
Alain LEMAIRE	Chief Executive Officer, member of the Management Board of the CNCE
Guy COTRET	Member of the Management Board, Group Executive Director, responsible for human resources and banking operations within the CNCE
Alain LACROIX	Member of the Management Board, Group Executive Director, responsible for corporate development within the CNCE

The CNCE Management Board, Meeting on February 26, 2009, accepted the resignation of Bernard Comolet from his position as Chairman of the Management Board of the CNCE and appointed François Pérol as Chairman of the Management Board of the CNCE, effective March 2, 2009.

The terms of office of the members of the Management Board expire on December 31, 2009.

Business address of Management Board members: 50, avenue Pierre-Mendès-France – 75201 Paris cedex 13.

François Pérol, 45 years old, has been the Chairman of the CNCE Management Board since March 2, 2009. He is also the Chairman of the Natixis Supervisory Board and CEO of Banque Fédérale des Banques Populaires.
A graduate of the HEC business school and the Paris Institute of Political Studies and a former student of the *Ecole Nationale de l'Administration* (ENA), François Pérol began his career with the *Inspection générale des Finances* (Ministry of Finance). After serving in several capacities, he was appointed deputy Principal Private Secretary to the Minister for the Economy, Finance and Industry in 2002. A managing partner at the investment bank Rothschild & Cie, he was appointed deputy Chief of Staff to the President of the French Republic in 2007.

Bernard Comolet, 61 years old, served as Chairman of the CNCE Management Board from October 19, 2008 to March 2, 2009.
A graduate of HEC, he also serves as the Chairman of the Management Board of Caisse d'Epargne Ile-de-France and as Vice-Chairman of the Supervisory Board of the CNCE.

Alain Lemaire, 58 years old, has been CNCE's Chief Executive Officer and a member of its Management Board since October 19, 2008, with specific responsibility for the Group Finance department.
A graduate of *Ecole Nationale de l'Administration*, he is also Chairman of the Management Board of the Caisse d'Epargne Provence-Alpes-Corse, the Management Board of Crédit Foncier de France and the Supervisory Board of Banque Palatine.

Guy Cotret, 59 years old, is the member of the Management Board responsible for human resources and banking operations.
After graduating from law school, he has spent most of his professional career with Groupe Caisse d'Epargne. Guy Cotret is also acting Chief Executive Officer responsible for synergies at Nexity.

Alain Lacroix, 56 years old, is the member of the Management Board responsible for corporate development. After graduating from university, he has spent most of his career with Groupe Caisse d'Epargne. Alain Lacroix is also Chairman of the Supervisory Board of La Compagnie 1818–Banquiers Privés and the Board of Directors of Natixis Financement.
To the best of the Company's knowledge, there are no family links between Management Board members.

The Management Board is composed of a maximum of five individual members who may be up to 68 years of age and need not be shareholders.
Members of the Management Board may perform other offices subject to compliance with the laws and regulations in force. A member of the Management Board may only perform similar duties at a Caisse d'Epargne et de Prévoyance with the authorization of the Supervisory Board. Membership of the Management Board is open to every company employee, and the removal from his/her corporate office shall not lead to termination of his/her employment contract.

The members of the Management Board are appointed for a term of six years by the Supervisory Board which appoints one of the Management Board members as Chairman.

The Management Board is vested with the broadest powers to act in all circumstances in the name of the company, within the scope of the corporate purpose and subject to the powers attributed by law to the Supervisory Board or to Shareholders' Meetings.

In particular, in accordance with the provisions of Article 20 of the bylaws:

- it performs the responsibilities of the central institution of a network as provided for by law;
- it exercises all the banking, financial, administrative and technical powers;
- it appoints non-voting members to the Boards of the Caisses d'Epargne et de Prévoyance and affiliated entities;
- it proposes to the Supervisory Board to grant approval or withdraw approval of the members of the Management Boards of the Caisses d'Epargne et de Prévoyance, as well as the Executive Directors of affiliated entities;
- it proposes to the Supervisory Board the dismissal of all the members of the Management Board of a Caisse d'Epargne et de Prévoyance and appoints the provisional commission exercising the powers of the Management Board whose members have been removed from office;
- it decides, in the event of an emergency, on the suspension as a protective measure of one or more members of the Management Board of a Caisse d'Epargne et de Prévoyance or Executive Directors of affiliated entities;
- it issues regulatory injunctions with regard to the Caisses d'Epargne et de Prévoyance and affiliated entities.

Section IV of the Company's bylaws contains the provisions relating to the management and control of the Company.

2.2.2 Members of the Supervisory Board and special committees at December 31, 2008

The terms of office of the members of the Supervisory Board will expire on the day of the Shareholders' Meeting to approve the financial statements for fiscal year 2008.

	Date of appointment/renewal	Main duties
Chairman of the Supervisory Board		
Yves HUBERT	December 15, 2003 (effective January 1, 2004) Chairman since December 20, 2007	Chairman of the Steering and Supervisory Board of the Caisse d'Epargne de Picardie
Business address: 2, boulevard Jules Verne – BP 727 – 80007 Amiens cedex		
Members of the Supervisory Board		
Catherine AMIN-GARDE	November 16, 2006	Chairwoman of the Steering and Supervisory Board of the Caisse d'Epargne Loire Drôme Ardèche
Business address: 17, rue des Frères Ponchardier – 42012 Saint-Etienne cedex 2		
François AUDIBERT	December 20, 2007 (effective January 1, 2008)	Chairman of the Management Board of the Caisse d'Epargne Aquitaine Poitou-Charentes
Business address: 61, rue du Château d'eau – 33076 Bordeaux cedex		
Jean-Marc CARCELES	March 7, 2007	Chairman of the Management Board of the Caisse d'Epargne Languedoc-Roussillon
Business address: 254, rue Michel Teule – BP 7330 – 34184 Montpellier cedex 04		
Dominique COURTIN	October 21, 2004	Chairman of the Steering and Supervisory Board of the Caisse d'Epargne Bretagne-Pays de Loire
Business address: 4, rue du Chêne Germain – 35510 Cesson-Sévigné		

	Date of appointment/renewal	Main duties
Jean-Pierre DERAMECOURT	December 20, 2007	Chairman of the Management Board of the Caisse d'Epargne Alsace
Business address: 2, quai Kleber – 67925 Strasbourg cedex		
Bruno DUGELAY	March 7, 2007	Chairman of the Steering and Supervisory Board of the Caisse d'Epargne Côte d'Azur
Business address: L'Arenas – 455, promenade des Anglais – BP 3297 – 06205 Nice cedex		
Eric GRIMONPREZ	December 20, 2007	Chairman of the Steering and Supervisory Board of the Caisse d'Epargne Nord France Europe
Business address: 12, place Saint-Hubert – BP 80119 – 59001 Lille cedex		
Jean LEVALLOIS	December 15, 2003 (effective January 1, 2004)	Chairman of the Management Board of the Caisse d'Epargne Normandie
Business address: 7, rue Colonel Rémy – BP 5007 – 14052 Caen cedex		
Alain MAIRE	November 16, 2006	Chairman of the Management Board of the Caisse d'Epargne de Bourgogne Franche-Comté
Business address: 1, rond-point de la Nation – BP 23088 – 21088 Dijon cedex		
Benoît MERCIER	July 5, 2007	Chairman of the Management Board of the Caisse d'Epargne Lorraine Champagne-Ardenne
Business address: 2, rue Royale – 57000 Metz		
Jean-François PAILLISSE	March 7, 2007	Chairman of the Management Board of the Caisse d'Epargne Loire-Centre
Business address: 12, rue de Maison Rouge – 45140 Saint-Jean de la Ruelle		
Bernard SIROL	15 décembre 2003 (effective January 1, 2004)	Chairman of the Steering and Supervisory Board of the Caisse d'Epargne de Midi-Pyrénées
Business address: 42, rue du Languedoc – BP 629 – 31002 Toulouse		
Michel SORBIER	March 26, 2008	Chairman of the Steering and Supervisory Board of the Caisse d'Epargne d'Auvergne et du Limousin
Business address: 63, rue Montlosier – 63961 Clermont-Ferrand cedex 9		
Yves TOUBLANC	November 16, 2006	Chairman of the Steering and Supervisory Board of the Caisse d'Epargne Rhône Alpes
Business address: 42, boulevard Eugène Deruelle – 69003 Lyon		
Employee representatives on the Supervisory Board of the Caisses d'Epargne network		
Serge HUBER	December 15, 2003 (effective January 1, 2004)	
Business address: 2 bis, rue Denis Papin – 37300 Joué-les-Tours		
Jacques MOREAU	December 15, 2003 (effective January 1, 2004)	
Business address: 7, rue Mornay – 75004 Paris		

Bernard Comolet served as Vice-Chairman of the Supervisory Board until October 19, 2008.
Appointed to the Supervisory Board by the Shareholders' Meeting of March 31, 2009, Bernard Comolet was named Vice-Chairman on this same date.

Non-voting members of the Supervisory Board

Joël BOURDIN	Vice-Chairman of the Steering and Supervisory Board of the Caisse d'Epargne Normandie, Senator
Jean-Marc ESPALIOUX	Chairman and Chief Executive Officer of Financière Agache Private Equity
Fédération Nationale des Caisses d'Epargne	Represented by Nicole MOREAU, Chairwoman of the Board of Directors
Henri PROGLIO	Chairman and Chief Executive Officer of Veolia Environnement
Natixis	Represented by Pierre Servant, Chief Executive Officer of Natixis Global Asset Management

Government representative

Since the removal of the regulatory reference to the Caisses d'Epargne network's public-interest mission, and in accordance with French law 2008-776 dated August 4, 2008 (known as the economic and financial modernization law), the French state is no longer represented by a government commissioner on the CNCE's Supervisory Board.

Representatives of the Works Council on the Supervisory Board

Abdel Babaci, Philippe Malizia, Jean-Luc Débarre, Pierre-Eric Randrianarisoa

Members of the Supervisory Board's special committees

Audit Committee: Bernard Comolet (member until October 21, 2008), Dominique Courtin, Jean-Pierre Deramécourt (member since November 20, 2008), Eric Grimonprez, Alain Lemaire (Chairman and member until October 21, 2008), Benoît Mercier (member since November 20, 2008), Jean-François Paillissé (Chairman since October 21, 2008) and Yves Toublanc.

Strategy & Development Committee: Catherine Amin-Garde, François Audibert (member since February 27, 2008), Jean-Marc Carcelès, Bruno Dugelay (Chairman since January 22, 2008), Yves Hubert (Chairman until January 22, 2008, still a member) and Alain Maire.

Remuneration & Selection Committee: Bruno Dugelay, Yves Hubert (Chairman), Jean Levallois, Bernard Sirol, Michel Sorbier (member since March 27, 2008), Henri Proglio (independent, non-voting member).

2.2.3 Management and Supervisory Boards

To the best of the Company's knowledge, over the last five years, none of the members of the Management Board or Supervisory Board has been:

- convicted of fraud;
- associated with any bankruptcy, receivership or liquidation;
- incriminated or subject to any official public sanction issued by statutory or regulatory authorities;
- barred by a court from acting as a member of a management or Supervisory Board or a Board of Directors of an issuer or from being involved in managing or conducting its business affairs.

At the date of publication, no member of the Management Board or of the Supervisory Board had a service agreement with the CNCE or any of its subsidiaries providing for any benefits to be granted to them.

To the best of the company's knowledge there is no conflict of interest between the duties of the members of the Management Board and the Supervisory Board with regard to the issuer and their private interests or other obligations.

The conflict of interest principle was reaffirmed by the Supervisory Board on November 13, 2007, at the time of the adoption of two charters. One of these charters stipulates the independence conditions, which include a duty for all Supervisory Board members to disclose any other corporate offices held outside Groupe Caisse d'Epargne and a prohibition on holding any other position in a credit institution outside of Groupe Caisse d'Epargne without the prior authorization of the central institution.

The conditions set out in the charter also deal with independence of corporate judgment, decision-making and action, and specify that it is the duty of each member of the Supervisory Board to avoid conflicts of interests; consequently, Supervisory Board members are disqualified from any involvement in the operational management of the Company.

To the best of the company's knowledge, no arrangements or agreements have been entered into with the main shareholders, customers, suppliers or any other parties pursuant to which a member of the Management Board or Supervisory Board may have been selected as a member of any management or supervisory boards or of any Board of Directors or as a member of the executive management of such parties.

2.2.4 Directorships and positions held by corporate officers in 2008

Members of the Management Board

Charles Milhaud (until October 19, 2008)

Corporate name	Legal structure	Country	Directorships and positions
CNCE	SA (joint-stock corporation) governed by a Management Board and Supervisory Board	France	Chairman of the Management Board
BTK	SA (joint-stock corporation) governed by a Board of Directors	Tunisia	Chairman of the Board of Directors
CM Investissement	Private limited company under sole ownership	France	Legal manager
CNP Assurances	SA (joint-stock corporation) governed by a Board of Directors	France	Director
COFACE	SA (joint-stock corporation) governed by a Board of Directors	France	Director
Crédit Immobilier et Hôtelier	SA (joint-stock corporation)	Morocco	Vice-Chairman of the Board of Directors
Djouba Promotion Groupe Addoha	SAS (simplified joint-stock corporation)	Morocco	Director
Erilia	SAS (simplified joint-stock corporation)	France	Permanent representative of Erixel, Director
Erixel	SAS (simplified joint-stock corporation)	France	Chairman
Europacorp	SA (joint-stock corporation) governed by a Board of Directors	France	Vice-Chairman of the Board of Directors
Fédération bancaire française	Not-for-profit organization	France	Member of the Executive Committee
Financière Océor	SA (joint-stock corporation) governed by a Management Board and Supervisory Board	France	Chairman of the Supervisory Board
Financière Océor Algérie	SAS (simplified joint-stock corporation)	Algeria	Director
Fondation Belem	Foundation	France	Treasurer
Fondation des Caisses d'Epargne pour la solidarité	Foundation	France	Chairman
Fransabank France	SA (joint-stock corporation) governed by a Board of Directors	France	Vice-Chairman of the Board of Directors
GCE ASAP	SAS (simplified joint-stock corporation)	France	Permanent representative of the CNCE, Chairman
GCE Domaines	SA (joint-stock corporation) governed by a Board of Directors	France	Chairman of the Board of Directors
GCE Eclair 07	SAS (simplified joint-stock corporation)	France	Permanent representative of the CNCE, Chairman
GCE Maroc	SAS (simplified joint-stock corporation)	Morocco	Chairman of the Board of Directors
GCE Maroc Immobilier	SAS (simplified joint-stock corporation)	Morocco	Director
GCE Participations	SAS (simplified joint-stock corporation)	France	Permanent representative of the CNCE, Chairman
GCE Promotion Méditerranée	SAS (simplified joint-stock corporation)	France	Permanent representative of the CNCE, Chairman
European Savings Banks Group (ESBG)	Association	France	Vice-Chairman
Groupement National de la Coopération (GNC)	Association	France	Member of the Board of Directors
IDF TELE	SAS (simplified joint-stock corporation)	France	Member of the Supervisory Board
IEP Aix-en-Provence	State-owned corporation	France	Director

Corporate name	Legal structure	Country	Directorships and positions
Natixis	SA (joint-stock corporation) governed by a Management Board and Supervisory Board	France	Chairman of the Supervisory Board
Nexity	SA (joint-stock corporation) governed by a Board of Directors	France	Vice-Chairman of the Board of Directors
Participations Ecureuil	SNC (limited partnership)	France	Permanent representative of the CNCE, Chairman of GCE Participations, legal manager
SCI Cascades Paradis	Non-trading real estate company	France	Legal manager
SCI Grand Horizon Paradis	Non-trading real estate company	France	Legal manager
SLE Préfecture	Cooperative company	France	Director
Sopassure	SA (joint-stock corporation) governed by a Board of Directors	France	Director
Veolia Eau - Compagnie Générale des Eaux	Limited partnership by shares	France	Director
Terms of office that expired during 2008 (until October 19, 2008)			
Banque des Mascareignes LTEE	SA (joint-stock corporation) governed by a Board of Directors	Mauritius	Director (until July 22, 2008)
Centre National d'Enseignement à Distance (CNED)	State-owned corporation	France	Chairman of the Board of Directors (until July 25, 2008)
Europacorp	SA (joint-stock corporation) governed by a Management Board and Supervisory Board	France	Vice-Chairman of the Supervisory Board (until September 16, 2008)
GCE AVI 007	SAS (simplified joint-stock corporation)	France	Permanent representative of the CNCE, Chairman (until January 16, 2008)
GCE ESKA 007	SAS (simplified joint-stock corporation)	France	Permanent representative of the CNCE, Chairman (until January 16, 2008)
GCE FX 007	SAS (simplified joint-stock corporation)	France	Permanent representative of the CNCE, Chairman (until January 16, 2008)
GCE IDA 007	SAS (simplified joint-stock corporation)	France	Permanent representative of the CNCE, Chairman (until January 16, 2008)
GCE KALI 007	SAS (simplified joint-stock corporation)	France	Permanent representative of the CNCE, Chairman (until January 16, 2008)
GCE KOLA 007	SAS (simplified joint-stock corporation)	France	Permanent representative of the CNCE, Chairman (until January 16, 2008)
GCE ODE 007	SAS (simplified joint-stock corporation)	France	Permanent representative of the CNCE, Chairman (until January 16, 2008)
GCE ONA 007	SAS (simplified joint-stock corporation)	France	Permanent representative of the CNCE, Chairman (until January 16, 2008)
GCE SNL 07	SAS (simplified joint-stock corporation)	France	Permanent representative of the CNCE, Chairman (until January 16, 2008)
GCE SRD 007	SAS (simplified joint-stock corporation)	France	Permanent representative of the CNCE, Chairman (until January 16, 2008)
GCE TEO 007	SAS (simplified joint-stock corporation)	France	Permanent representative of the CNCE, Chairman (until January 16, 2008)
GCE TTU 07	SAS (simplified joint-stock corporation)	France	Permanent representative of the CNCE, Chairman (until January 16, 2008)
GCE VTR 007	SAS (simplified joint-stock corporation)	France	Permanent representative of the CNCE, Chairman (until January 16, 2008)
GCE ZOE 007	SAS (simplified joint-stock corporation)	France	Permanent representative of the CNCE, Chairman (until January 16, 2008)
Sodexho Alliance	SA (joint-stock corporation) governed by a Board of Directors	France	Director (until October 8, 2008)
SOGIMA	SA (joint-stock corporation) governed by a Management Board and Supervisory Board	France	Permanent representative of GCE SEM, member or the Supervisory Board (until July 4, 2008)

Corporate name	Legal structure	Country	Directorships and positions
Main directorships held in previous years			
Banque des Iles Saint-Pierre et Miquelon	SA (joint-stock corporation) governed by a Board of Directors	France	Permanent representative of the CNCE, Director
Banque de Nouvelle-Calédonie	SA (joint-stock corporation) governed by a Board of Directors	France	Permanent representative of the CNCE, Director (until November 29, 2007)
Banque de la Réunion	SA (joint-stock corporation) governed by a Board of Directors	France	Permanent representative of the CNCE, Director (until September 13, 2007)
Banque de Tahiti	SA (joint-stock corporation) governed by a Board of Directors	France	Permanent representative of the CNCE, Director (until November 29, 2007)
Caisse de Dépôts et Développement	SA (joint-stock corporation) governed by a Board of Directors	France	Director
CDC Entreprises	SA (joint-stock corporation) governed by a Management Board and Supervisory Board	France	Member of the Supervisory Board
CDC Finances - CDC IXIS	SA (joint-stock corporation) governed by a Management Board and Supervisory Board	France	Vice-Chairman of the Supervisory Board
CETELEM	SA (joint-stock corporation) governed by a Management Board and Supervisory Board	France	Member of the Supervisory Board
Compagnie Financière Eulia	SA (joint-stock corporation) governed by a Board of Directors	France	Vice-Chairman
Crédit Foncier de France	SA (joint-stock corporation) governed by a Management Board and Supervisory Board	France	Chairman of the Supervisory Board
Ecureuil Participations	SAS (simplified joint-stock corporation)	France	Director
Fédération bancaire française	Not-for-profit organization	France	Chairman of the Executive Committee (until August 31, 2007)
GCE Courtage (formerly GCE Imédia 07)	SAS (simplified joint-stock corporation)	France	Permanent representative of the CNCE, Chairman (until October 29, 2007)
GCE Habitat	SA (joint-stock corporation) governed by a Management Board and Supervisory Board	France	Vice-Chairman of the Supervisory Board (until March 2, 2007)
GCE Paiements	SAS (simplified joint-stock corporation)	France	Permanent representative of the CNCE, Chairman (until October 16, 2007)
GCE Immobilier	SA (joint-stock corporation) governed by a Management Board and Supervisory Board	France	Vice-Chairman of the Supervisory Board
Issoria	SAS (simplified joint-stock corporation)	France	Vice-Chairman of the Supervisory Board (until March 28, 2007)
IXIS Corporate & Investment Bank	SA (joint-stock corporation) governed by a Management Board and Supervisory Board	France	Chairman of the Supervisory Board and Remuneration Committee
Natixis Asset Management	SA (joint-stock corporation) governed by a Management Board and Supervisory Board	France	Permanent representative of the CNCE, member of the Supervisory Board
Natixis Global Asset Management	SA (joint-stock corporation) governed by a Management Board and Supervisory Board	France	Member of the Supervisory Board
Natixis Multimanager	SA (joint-stock corporation) governed by a Management Board and Supervisory Board	France	Permanent representative of the CNCE, member of the Supervisory Board
Oterom Holding	SAS (simplified joint-stock corporation)	France	Permanent representative of the CNCE, Chairman (until October 16, 2007)
SOGIMA	SA (joint-stock corporation) governed by a Management Board and Supervisory Board	France	Permanent representative of GCE Immobilier, member or the Supervisory Board (until July 12, 2007)
Université Groupe Caisse d'Epargne	EPIC (public, industrial and commercial company)	France	Chairman
Université René Descartes (Paris V)	SA (joint-stock corporation) governed by a Board of Directors	France	Director

Nicolas Mérindol (until October 19, 2008)

Corporate name	Legal structure	Country	Directorships and positions
Banca Carige	SA (joint-stock corporation)	Italy	Director
Banque Palatine	SA (joint-stock corporation) governed by a Board of Directors	France	Chairman of the Board of Directors and the Remuneration Committee
CEMM	SAS (simplified joint-stock corporation)	France	Chairman of the Supervisory Board
CNP Assurances	SA (joint-stock corporation) governed by a Board of Directors	France	Director and member of the Audit Committee and Strategy Committee
COFACE	SA (joint-stock corporation) governed by a Board of Directors	France	Director
Crédit Foncier de France	SA (joint-stock corporation) governed by a Board of Directors	France	Chairman of the Board of Directors, the Remuneration Committee and the Strategy Committee
Erixel	SA (joint-stock corporation) governed by a Board of Directors	France	Director
Eurotevea	SA (joint-stock corporation) governed by a Board of Directors	France	Member of *Comité des Sages*
Financière Océor	SA (joint-stock corporation) governed by a Management Board and Supervisory Board	France	Vice-Chairman of the Supervisory Board
FLCP	SAS (simplified joint-stock corporation)	France	Chairman of the Supervisory Committee, member of the Remuneration Committee
GCE Capital	SAS (simplified joint-stock corporation)	France	Chairman of the Supervisory Board
GCE Domaines	SA (joint-stock corporation) governed by a Board of Directors	France	Director
GEMO RSI	Economic interest grouping	France	Permanent representative of the CNCE, member of the Supervisory Board
GIRCE Stratégie	Economic interest grouping	France	Permanent representative of the CNCE, member of the Supervisory Board
La Compagnie 1818-Banquiers Privés	SA (joint-stock corporation) governed by a Management Board and Supervisory Board	France	Chairman of the Supervisory Board and Remuneration Committee
Natixis	SA (joint-stock corporation) governed by a Management Board and Supervisory Board	France	Permanent representative of the CNCE, member of the Supervisory Board - Chairman of the Audit Committee
Natixis Global Asset Management (NGAM)	SA (joint-stock corporation) governed by a Board of Directors	France	Vice-Chairman of the Board of Directors
Natixis Asset Management (NAM)	SA (joint-stock corporation) governed by a Board of Directors	France	Chairman of the Board of Directors
Natixis Consumer Finance IT	SAS (simplified joint-stock corporation)	France	Chairman
Nexity	SA (joint-stock corporation) governed by a Board of Directors	France	Director
Sopassure	SA (joint-stock corporation) governed by a Board of Directors	France	Director
Yunus Movie Project Partners	SAS (simplified joint-stock corporation)	France	Non-voting member
Terms of office that expired during 2008			
Natixis Epargne Financière (formerly Ecureuil Gestion)	SA (joint-stock corporation) governed by a Management Board and Supervisory Board	France	Vice-Chairman of the Supervisory Board (until April 24, 2008)
Natixis Epargne Financière Gestion (formerly Ecureuil Gestion FCP)	SA (joint-stock corporation) governed by a Management Board and Supervisory Board	France	Chairman of the Supervisory Board (until June 29, 2008)

Corporate name	Legal structure	Country	Directorships and positions
Main directorships held in previous years			
A.C.E.	SAS (simplified joint-stock corporation) Non-trading real estate company	France	Chairman of the Board of Directors (until June 29, 2007)
Alliance Entreprendre	SAS (simplified joint-stock corporation)	France	Permanent representative of the CNCE, member of the Management Board (until April 15, 2007)
Banque de la Réunion	SA (joint-stock corporation) governed by a Board of Directors	France	Director
Banque des Antilles Françaises	SA (joint-stock corporation) governed by a Board of Directors	France	Director
CDC Entreprises Capital Investissement (CECI)	SA (joint-stock corporation) governed by a Board of Directors	France	Director
Crédit Foncier de France	SA (joint-stock corporation) governed by a Management Board and Supervisory Board	France	Vice-Chairman of the Supervisory Board
Ecufoncier	Limited partnership by shares	France	Member of the Supervisory Board, limited partner
Ecureuil Crédit	Economic interest grouping	France	Chairman
Ecureuil Vie	SA (joint-stock corporation) governed by a Management Board and Supervisory Board	France	Chairman of the Supervisory Board and Remuneration Committee (until February 19, 2007)
Efidis	SA d'HLM (subsidized housing corporation)	France	Member of the Supervisory Board
Entenial	SA (joint-stock corporation) governed by a Board of Directors	France	Director
Financière Océor	SA (joint-stock corporation) governed by a Management Board and Supervisory Board	France	Permanent representative of the CNCE, member of the Supervisory Board
GCE Fidélisation	SAS (simplified joint-stock corporation)	France	Chairman
GCE Immobilier	SA (joint-stock corporation) governed by a Management Board and Supervisory Board	France	Member of the Supervisory Board
GCE Newtec	SAS (simplified joint-stock corporation)	France	Chairman of the Supervisory Board
Holgest	SA (joint-stock corporation) governed by a Board of Directors	France	Chairman and Chief Executive Officer and Permanent representative of Ecureuil Participations, Director
INGEPAR	SA (joint-stock corporation) governed by a Board of Directors	France	Chairman of the Board of Directors
NGAM Participations 1	SAS (simplified joint-stock corporation)	France	Vice-Chairman of the Supervisory Board
IXIS Corporate & Investment Bank	SA (joint-stock corporation) governed by a Management Board and Supervisory Board	France	Vice-Chairman of the Supervisory Board
IXIS Investor Services	SA (joint-stock corporation) governed by a Management Board and Supervisory Board	France	Member of the Supervisory Board
Issoria	SA (joint-stock corporation) governed by a Management Board and Supervisory Board	France	Vice-Chairman of the Supervisory Board (until March 28, 2007)
NAM Participations 2	SAS (simplified joint-stock corporation)	France	Vice-Chairman of the Supervisory Board (until July 2, 2007)
Natixis Financement (formerly CEFi)	SA (joint-stock corporation) governed by a Board of Directors	France	Permanent representative of the CNCE, Director
SEDI-RSI	Economic interest grouping	France	Permanent representative of the CNCE, member of the Supervisory Board
Société Lamy (formerly Gestrim)	SA (joint-stock corporation) governed by a Management Board and Supervisory Board	France	Chairman of the Supervisory Board
Vigeo	SAS (simplified joint-stock corporation)	France	Director

Julien Carmona (until October 19, 2008)

Corporate name	Legal structure	Country	Directorships and positions
CNCE	SA (joint-stock corporation) governed by a Management Board and Supervisory Board	France	Member of the Management Board
Crédit Foncier de France	SA (joint-stock corporation) governed by a Board of Directors	France	Permanent representative of the CNCE, Director, member of the Audit Committee
Ecrinvest 11	SA (joint-stock corporation) governed by a Board of Directors	France	Permanent representative of the CNCE, Director and member of the Audit Committee
Financière Océor	SA (joint-stock corporation) governed by a Management Board and Supervisory Board	France	Member of the Supervisory Board and Chairman of the Audit Committee
GCE Achats	Economic interest grouping	France	Chairman of the Supervisory Board
GCE Capital	SA (joint-stock corporation) governed by a Management Board and Supervisory Board	France	Member of the Supervisory Board
Natixis	SA (joint-stock corporation) governed by a Management Board and Supervisory Board	France	Member of the Management Board
Natixis Financement	SA (joint-stock corporation) governed by a Board of Directors	France	Permanent representative of the CNCE, Director
Natixis Securities	SA (joint-stock corporation) governed by a Board of Directors	France	Permanent representative of the CNCE, Director

Bernard Comolet at December 31, 2008

Corporate name	Legal structure	Country	Directorships and positions
CNCE	SA (joint-stock corporation) governed by a Management Board and Supervisory Board	France	Chairman of the Management Board
CEP d'Ile-de-France	SA (joint-stock corporation) governed by a Management Board and Supervisory Board	France	Chairman of the Management Board
Banque BCP	SAS (simplified joint-stock corporation)	France	Chairman of the Supervisory Board
Banque BCP Luxembourg	SA (joint-stock corporation) governed by a Management Board and Supervisory Board	Lux.	Member of the Supervisory Board
CNP Assurances	SA (joint-stock corporation) governed by a Board of Directors	France	Director
EFIDIS	SA d'HLM (subsidized housing corporation) governed by a Management Board and Supervisory Board	France	Legal representative of CEP IDF, member of the Supervisory Board
Fondation Caisses d'Epargne pour la solidarité	Foundation	France	Vice-Chairman of the Board of Directors
Fédération bancaire française	Foundation	France	Legal representative of the CNCE, member of the Management Commmittee
Financière Océor	SA (joint-stock corporation) governed by a Management Board and Supervisory Board	France	Vice-Chairman of the Supervisory Board
GCE ASAP	SAS (simplified joint-stock corporation)	France	Legal representative of the CNCE, Chairman
GCE Business Services	Economic interest grouping	France	Legal representative of CEP IDF, member of the Supervisory Board
GCE Eclair 07	SAS (simplified joint-stock corporation)	France	Legal representative of the CNCE, Chairman
GCE NAO	SAS (simplified joint-stock corporation)	France	Legal representative of the CNCE, Chairman
GCE Participations	SAS (simplified joint-stock corporation)	France	Legal representative of the CNCE, Chairman
GCE Promotion Méditerranée	SAS (simplified joint-stock corporation)	France	Legal representative of the CNCE, Chairman
GCE Technologies	Economic interest grouping	France	Legal representative of CEP IDF, member of the Supervisory Board
Groupement Européen des Caisses d'Epargne	Association	France	Vice-Chairman of the Board of Directors

Corporate name	Legal structure	Country	Directorships and positions
Immobilière 3F	SA d'HLM (subsidized housing corporation) governed by a Board of Directors	France	Permanent representative of the CEP IDF, Director
Natixis	SA (joint-stock corporation) governed by a Management Board and Supervisory Board	France	Chairman of the Supervisory Board
Nexity	SA (joint-stock corporation) governed by a Board of Directors	France	Vice-Chairman of the Board of Directors
Paris OPH Habitat	EPIC (public, industrial and commercial company)	France	Director
Participations Ecureuil	SNC (limited partnership)	France	Legal representative of the CNCE, Chairman of GCE Participations, legal manager
Sopassure	SA (joint-stock corporation) governed by a Board of Directors	France	Director
Terms of office that expired during 2008			
CNCE	SA (joint-stock corporation) governed by a Management Board and Supervisory Board	France	Vice-Chairman of the Supervisory Board and Chairman of the Audit Committee (until October 19, 2008)
CEP d'Ile-de-France Ouest	SA (joint-stock corporation) governed by a Management Board and Supervisory Board	France	Chairman of the Management Board (until April 11, 2008)
CNP Assurances	SA (joint-stock corporation) governed by a Board of Directors	France	Non-voting member (until December 16, 2008)
GIRCE Stratégie	Economic interest grouping	France	Legal representative of the CNCE, member of the Supervisory Board (until October 31, 2008)
GEMO RSI	Economic interest grouping	France	Legal representative of the CNCE, member of the Supervisory Board (until October 31, 2008)
Natixis	SA (joint-stock corporation) governed by a Management Board and Supervisory Board	France	Vice-Chairman of the Supervisory Board and Remuneration Committee (until November 3, 2008)
SEDI RSI	Economic interest grouping	France	Legal representative of CE IDF, member of the Supervisory Board (until October 31, 2008)
Main directorships held in previous years			
Ecureuil Dynamique +	Mutual fund	France	Chairman and Chief Executive Officer
Eulia Caution	SA (joint-stock corporation) governed by a Board of Directors	France	Permanent representative of the CE IDF Paris, Director
EUROTEVEA (formerly EURO SOFAC)	SA (joint-stock corporation) governed by a Board of Directors	France	Director
IXIS CIB	SA (joint-stock corporation) governed by a Management Board and Supervisory Board	France	Member of the Supervisory Board
ODACIA	SA (joint-stock corporation) governed by a Board of Directors	France	Permanent representative of the CE IDF Paris, Director
Saccef	SA (joint-stock corporation) governed by a Board of Directors	France	Permanent representative of the CE IDF Paris, Director
Socamab Assurances	SA (joint-stock corporation) governed by a Board of Directors	France	Permanent representative of the CE IDF Paris, Director

Alain Lemaire at December 31, 2008

Corporate name	Legal structure	Country	Directorships and positions
CNCE	SA (joint-stock corporation) governed by a Management Board and Supervisory Board	France	Chief Executive Officer - Member of the Management Board
CEP Provence-Alpes-Corse	SA (joint-stock corporation) governed by a Management Board and Supervisory Board	France	Chairman of the Management Board
ANF	SA (joint-stock corporation) governed by a Board of Directors and a Supervisory Board	France	Member of the Supervisory Board
Banca Carige	SA (joint-stock corporation)	Italy	Director
Banque de la Réunion	SA (joint-stock corporation) governed by a Board of Directors	France	Permanent representative of the CEPAC, Director
Banque des Antilles Françaises	SA (joint-stock corporation) governed by a Board of Directors	France	Permanent representative of the CEPAC, Director
Banque Palatine	SA (joint-stock corporation) governed by a Management Board and Supervisory Board	France	Chairman of the Supervisory Board
Business Services	Economic interest grouping	France	Permanent representative of the CEPAC, member of the Supervisory Board
Caisse d'Epargne Garanties Entreprises	Economic interest grouping	France	Permanent representative of CEPAC, member of the Supervisory Board
CNP Assurances	SA (joint-stock corporation) governed by a Board of Directors	France	Director
Crédit Foncier de France	SA (joint-stock corporation) governed by a Board of Directors	France	Vice-Chairman of the Board of Directors
ERILIA	SA (joint-stock corporation) governed by a Board of Directors	France	Director
Erixel	SAS (simplified joint-stock corporation)	France	Chairman of the Board of Directors
Financière Océor	SA (joint-stock corporation) governed by a Management Board and Supervisory Board	France	Permanent representative of the CEPAC, member of the Supervisory Board
FLCP	SAS (simplified joint-stock corporation)	France	Chairman of the Supervisory Committee
GCE Capital	SAS (simplified joint-stock corporation)	France	Chairman of the Supervisory Board
GCE Domaines	SA (joint-stock corporation) governed by a Board of Directors	France	Director
La Chaîne Marseille - LCM	SA (joint-stock corporation) governed by a Board of Directors	France	Permanent representative of the CEPAC, Director
La Compagnie 1818–Banquiers Privés	SA (joint-stock corporation) governed by a Management Board and Supervisory Board	France	Member of the Supervisory Board
Marseille Aménagement	Semi-private SA (joint-stock corporation)	France	Director
Natixis	SA (joint-stock corporation) governed by a Management Board and Supervisory Board	France	Permanent representative of the CNCE, member of the Supervisory Board
Natixis Asset Management	SA (joint-stock corporation) governed by a Board of Directors	France	Chairman of the Board of Directors
Natixis Épargne Financière	SA (joint-stock corporation) governed by a Board of Directors	France	Director
Natixis Épargne Financière Gestion	SA (joint-stock corporation) governed by a Board of Directors	France	Director
Nexity	SA (joint-stock corporation) governed by a Board of Directors	France	Director
Proxipaca Finance	SAS (simplified joint-stock corporation)	France	Member of the Management Committee
SCF Py & Rotja	*Société Civile Forestière*	France	Legal manager
SOCFIM	SA (joint-stock corporation) governed by a Management Board and Supervisory Board	France	Chairman of the Supervisory Board
Sopassure	SA (joint-stock corporation) governed by a Board of Directors	France	Director
Vivéris	SAS (simplified joint-stock corporation)	France	Member of the Management Committee
Vivéris Management	SAS (simplified joint-stock corporation)	France	Chairman of the Supervisory Board
Yunus Movie Project Partners	Non-trading real estate company	France	Non-voting member

Corporate name	Legal structure	Country	Directorships and positions
Terms of office that expired during 2008			
CNCE	SA (joint-stock corporation) governed by a Management Board and Supervisory Board	France	Member of the Supervisory Board and Chairman of the Audit Committee (until October 19, 2008)
Arpège	SA (joint-stock corporation) governed by a Management Board and Supervisory Board	France	Vice-Chairman of the Supervisory Board (until October 28, 2008)
Ecureuil Gestion	SA (joint-stock corporation) governed by a Management Board and Supervisory Board	France	Vice-Chairman of the Supervisory Board and member of the Remuneration Committee (until June 30, 2008)
Ecureuil Gestion FCP	SA (joint-stock corporation) governed by a Management Board and Supervisory Board	France	Vice-Chairman of the Supervisory Board (until June 30, 2008)
Main directorships held in previous years			
Ecureuil Vie	SA (joint-stock corporation) governed by a Board of Directors	France	Director
Holassure	SA (joint-stock corporation) governed by a Board of Directors	France	Permanent representative of CEPAC, Director
I-Selection	SA (joint-stock corporation) governed by a Management Board and Supervisory Board	France	Permanent representative of GCE I, member of the Supervisory Board

Guy Cotret at December 31, 2008

Corporate name	Legal structure	Country	Directorships and positions
Directorships and positions held at December 31, 2008			
CNCE	SA (joint-stock corporation) governed by a Management Board and Supervisory Board	France	Member of the Management Board
Banque de Nouvelle-Calédonie	SA (joint-stock corporation) governed by a Board of Directors	France	Permanent representative of the CNCE, Director
Banque de Tahiti	SA (joint-stock corporation) governed by a Board of Directors	France	Permanent representative of the CNCE, Director
Banque des Antilles Françaises	SA (joint-stock corporation) governed by a Board of Directors	France	Permanent representative of the CNCE, Director
Banque des Mascareignes LTEE	SA (joint-stock corporation) governed by a Board of Directors	Mauritius	Director
Banque Tuniso-Koweitienne	SA (joint-stock corporation) governed by a Board of Directors	Tunisia	Director
Crédit Foncier de France	SA (joint-stock corporation) governed by a Board of Directors	France	Director, member of the Audit and Remuneration Committee
Ecureuil Crédit	Economic interest grouping	France	Chairman of the Supervisory Board
Financière Océor	SA (joint-stock corporation) governed by a Management Board and Supervisory Board	France	Représentant permanent de la CNCE, membre du conseil de surveillance et membre du comité stratégique et des rémunérations
Financière Océor Algérie	SAS (simplified joint-stock corporation)	Algeria	Director
Fondation Caisses d'Epargne pour la solidarité	Foundation	France	Director
GCE Business Services	Economic interest grouping	France	Permanent representative of the CNCE, member of the Supervisory Board
GCE Domaines	SA (joint-stock corporation) governed by a Board of Directors	France	Director
GCE Foncier Coinvest	SAS (simplified joint-stock corporation)	France	Member of the Supervisory Board

Corporate name	Legal structure	Country	Directorships and positions
GCE Maroc	SAS (simplified joint-stock corporation)	Morocco	Permanent representative of the CNCE, Director
GCE Maroc Immobilier	SAS (simplified joint-stock corporation)	Morocco	Chairman of the Board of Directors
GCE Newtec	SAS (simplified joint-stock corporation)	France	Member of the Supervisory Board
GCE Paiements	SAS (simplified joint-stock corporation)	France	Chairman of the Board of Directors
GCE SEM	SAS (simplified joint-stock corporation)	France	Chairman of the Supervisory Board
GCE Services et Conseil à l'Immobilier	SAS (simplified joint-stock corporation)	France	Director
GCE Technologies (formerly GIRCE Ingénierie)	Economic interest grouping	France	Permanent representative of the CNCE, member of the Supervisory Board
Gestitres	SA (joint-stock corporation) governed by a Board of Directors	France	Chairman of the Board of Directors
La Chaîne Marseille	SA (joint-stock corporation) governed by a Board of Directors	France	Permanent representative of the CNCE, Director
Meilleurtaux	SA (joint-stock corporation) governed by a Board of Directors	France	Director
Natixis Asset Management	SA (joint-stock corporation) governed by a Management Board and Supervisory Board	France	Director, member of the Remuneration Committee
Nexity	SA (joint-stock corporation) governed by a Board of Directors	France	Chief Executive Officer and permanent representative of the CNCE, Director
Oterom Holding	SAS (simplified joint-stock corporation)	France	Chairmand of the SAS and Director
SOCFIM	SA (joint-stock corporation) governed by a Management Board and Supervisory Board	France	Permanent representative of the CNCE, member of the Supervisory Board
Société Lamy	SA (joint-stock corporation) governed by a Management Board and Supervisory Board	France	Vice-Chairman of the Supervisory Board
Université du Groupe Caisse d'Epargne	EPIC (public, industrial and commercial company)	France	Chairman
Terms of office that expired during 2008			
Arpège	Economic interest grouping	France	Vice-Chairman of the Supervisory Board (until October 31, 2008)
GIRCE Stratégie	Economic interest grouping	France	Permanent representative of the CNCE, Director (until October 31, 2008)
GCE Technologies	Economic interest grouping	France	Permanent representative of GCE Immobilier, member or the Supervisory Board (until October 31, 2008)
Financière Océor	SA (joint-stock corporation) governed by a Management Board and Supervisory Board	France	Vice-Chairman of the Supervisory Board (until May 25, 2008)
Main directorships held in previous years			
IXIS CIB	SA (joint-stock corporation) governed by a Management Board and Supervisory Board	France	Member of the Supervisory Board

Alain Lacroix at December 31, 2008

Corporate name	Legal structure	Country	Directorships and positions
Directorships and positions held at December 31, 2008			
CNCE	SA (joint-stock corporation) governed by a Management Board and Supervisory Board	France	Member of the Management Board
A.C.E.	SAS (simplified joint-stock corporation)	France	Chairman of the Board of Directors
Banque des Antilles Françaises	SA (joint-stock corporation) governed by a Board of Directors	France	Director
Banque de la Réunion	SA (joint-stock corporation) governed by a Board of Directors	France	Director
Caisse d'Epargne Garanties Entreprises	Economic interest grouping	France	Permanent representative of the CNCE, member of the Supervisory Board
CEMM	SAS (simplified joint-stock corporation)	France	Vice-Chairman of the Board of Directors
COFACE	SA (joint-stock corporation) governed by a Board of Directors	France	Director
Ecureuil Vie Développement	SAS (simplified joint-stock corporation)	France	Permanent representative of the CNCE, Director
Erixel	SA (joint-stock corporation) governed by a Board of Directors	France	Director
GCE Capital	SAS (simplified joint-stock corporation)	France	Member of the Supervisory Board
GCE Habitat	SA (joint-stock corporation) governed by a Management Board and Supervisory Board	France	Chairman of the Supervisory Board and Remuneration Committee
GCE Fidélisation	SAS (simplified joint-stock corporation)	France	Chairman
GCE Newtec	SAS (simplified joint-stock corporation)	France	Chairman of the Supervisory Board
La Compagnie 1818-Banquiers privés	SA (joint-stock corporation) governed by a Management Board and Supervisory Board	France	Chairman of the Supervisory Board and Remuneration Committee
Natixis Asset Management	SA (joint-stock corporation) governed by a Board of Directors	France	Director
Natixis Consumer Finance	SA (joint-stock corporation) governed by a Board of Directors	France	Chairman of the Board of Directors
Natixis Consumer Finance IT	SAS (simplified joint-stock corporation)	France	Chairman
Natixis Épargne Financière	SA (joint-stock corporation) governed by a Board of Directors	France	Chairman of the Board of Directors
Natixis Épargne Financière Gestion	SA (joint-stock corporation) governed by a Board of Directors	France	Chairman of the Board of Directors
Natixis Financement	SA (joint-stock corporation) governed by a Board of Directors	France	Chairman of the Board of Directors
Natixis Garanties	SA (joint-stock corporation) governed by a Management Board and Supervisory Board	France	Member of the Supervisory Board, Audit Committee and Remuneration Committee
Natixis Global Asset Management	SA (joint-stock corporation) governed by a Board of Directors	France	Director
Natixis Securities	SA (joint-stock corporation) governed by a Board of Directors	France	Director
Nexity	SA (joint-stock corporation) governed by a Board of Directors	France	Director
Partenariat CEMM	Economic interest grouping	France	Member of the Partnership Committee
SACCEF	SA (joint-stock corporation) governed by a Board of Directors	France	Director
Terms of office that expired during 2008			
CEMM	SAS (simplified joint-stock corporation)	France	Vice-Chairman of the Supervisory Board (until March 12, 2008)
GCE Habitat	SAS (simplified joint-stock corporation) governed by a Supervisory Board	France	Permanent representative of the CNCE, member of the Supervisory Board
SEDI RSI	Economic interest grouping	France	Permanent representative of CNCE, member or the Supervisory Board (until October 31, 2008)

Members of the Supervisory Board

Yves HUBERT

Chairman of the Supervisory Board

Directorships and positions held at December 31, 2008

- Chairman of the Supervisory Board, Chairman of the Strategy Committee, member of the Remuneration Committee of the CNCE
- Chairman of the Steering and Supervisory Board of the Caisse d'Epargne de Picardie
- Director and member of the Audit Committee of Natixis Global Asset Management
- Chairman of Senlis (local savings company)

Main directorships held in previous years

Directorships held between 2003 and 2007
- Chairman of Morton France
- Chairman of Rohm and Haas France
- Member of the Supervisory Board of La Compagnie 1818-Banquiers Privés (until March 17, 2008)

Catherine AMIN-GARDE

Directorships and positions held at December 31, 2008

- Member of the Supervisory Board and Strategy Committee of the CNCE
- Chairwoman of the Steering and Supervisory Board and Remuneration Committee, Member of the Audit Committee of the Caisse d'Epargne Loire Drôme Ardèche
- Chairwoman of Drôme Provençale Centre (local savings company)
- Chairwoman of Fondation Loire Drôme Ardèche

Main directorships held in previous years

Directorship expired
- Director of the FNCE

François AUDIBERT

Directorships and positions held at December 31, 2008

- Member of the Supervisory Board and Strategy Committee of the CNCE
- Chairman of the Management Board of the Caisse d'Epargne Aquitaine Poitou-Charentes
- Director of Natixis Global Asset Management
- Member of the Supervisory Board and Audit Committee of Ecureuil Crédit
- Member of the Supervisory Board of GCE Capital
- Chairman of the Supervisory Board of CIS-Aquitaine Valley
- Permanent representative of the Caisse d'Epargne Aquitaine Poitou-Charentes, member of the Supervisory Board of CEPAR 1
- Permanent representative of the Caisse d'Epargne Aquitaine Poitou-Charentes, member of the Supervisory Board of CEPAR 2
- Permanent representative of the Caisse d'Epargne Aquitaine Poitou-Charentes, Director of Saint-Pierre Investissements
- Permanent representative of the Caisse d'Epargne Aquitaine Poitou-Charentes, Director of Beaulieu Immo
- Permanent representative of the Caisse d'Epargne Aquitaine Poitou-Charentes, Director of Gay Lussac Immo
- Permanent representative of the Caisse d'Epargne Aquitaine Poitou-Charentes, Director of Edith Bail 3
- Permanent representative of the Caisse d'Epargne Aquitaine Poitou-Charentes, Director of Papangue Bail
- Permanent representative of the Caisse d'Epargne Aquitaine Poitou-Charentes, Director of Girolata Bail
- Permanent representative of the Caisse d'Epargne Aquitaine Poitou-Charentes, Director of FIL de Châtellerault
- Permanent representative of the Caisse d'Epargne Aquitaine Poitou-Charentes, Director of Galia Gestion
- Permanent representative of the Caisse d'Epargne Aquitaine Poitou-Charentes, Director of TV 7 Bordeaux
- Member of the Supervisory Board of €-mmo Aquitaine

Main directorships held in previous years

Directorships held between 2003 and 2007
- Member of the Supervisory Board and Remuneration Committee of IXIS Corporate & Investment Bank

Jean-Marc CARCELES

Directorships and positions held at December 31, 2008

- Member of the Supervisory Board and Strategy Committee of the CNCE
- Chairman of the Management Board of the Caisse d'Epargne Languedoc-Roussillon
- Member of the Board of Directors of the FNCE
- Director of Crédit Foncier de France
- Director of CICOBAIL
- Director of GCE Courtage
- Director of Telsud
- Permanent representative of the Caisse d'Epargne Loire-Centre, member of the Supervisory Board of GCE Technologies
- Permanent representative of the Caisse d'Epargne Loire-Centre, member of the Supervisory Board of GCE Business Services
- Permanent representative of the Caisse d'Epargne Languedoc-Roussillon, member of the Supervisory Board of the newspaper company *Midi Libre*

Main directorships held in previous years

Directorships expired in 2008
- Director of Muracef (until June 2008)
- Member of the Supervisory Board of Arpège (until October 31, 2008)

Directorships held between 2003 and 2007
- Member of the Supervisory Board of Crédit Foncier de France
- Permanent representative of the Caisse d'Epargne Languedoc-Roussillon, Director of Sepomed
- Permanent representative of the Caisse d'Epargne Languedoc-Roussillon, Director of Compagnie Nationale d'Aménagement de la Région du Bas-Rhône et du Languedoc – BRL
- Permanent representative of the Caisse d'Epargne Languedoc-Roussillon, Vice-Chairman of the Board of Directors of Odysseum Place de France

Dominique COURTIN

Directorships and positions held at December 31, 2008

- Member of the Supervisory Board and the Audit Committee of the CNCE
- Chairman of the Steering and Supervisory Board and Remuneration Committee, Member of the Audit Committee of the Caisse d'Epargne Bretagne-Pays de Loire
- Chairman of Rennes Janvier (local savings company)
- Director of Société Coopérative HLM de Bretagne (subsidized housing cooperative)
- Director of Société Coopérative HLM de Location Attribution du Morbihan (subsidized housing cooperative)
- Director of la SA Espacil Résidences Rennes

Main directorships held in previous years

Directorships held between 2003 and 2007
- Director of HLM de Bretagne (subsidized housing cooperative)
- Director of Location-Attribution du Morbihan (subsidized housing cooperative)
- Permanent representative of Espacil Construction, Director of Provinces
- Permanent representative of Espacil-Habitat (subsidized housing corporation), Director of SEMBA
- Director of Espacil Construction
- Chief Executive Officer of Espacil Habitat
- Chief Executive Officer of ESACIL-Résidences SA

Jean-Pierre DERAMECOURT

Directorships and positions held at December 31, 2008

- Member of the Supervisory Board and Audit Committee of the CNCE
- Chairman of the Management Board of the Caisse d'Epargne Alsace
- Director of Mutuelle Nationale des Caisses d'Epargne
- Director of Ecureuil Protection Sociale (EPS)
- Chairman of the Board of Directors of CRD Ile-de-France
- Permanent representative of the Caisse d'Epargne Alsace, Director of SAEM SERS
- Permanent representative of the Caisse d'Epargne Alsace, Director of Production Ecureuil Est
- Permanent representative of the Caisse d'Epargne Alsace, Director of CUS Habitat (social housing organization)
- Vice-Chairman of the Supervisory Board of SAS Scientifique Ile-de-France

Main directorships held in previous years

Directorships expired in 2008
- Member of the Supervisory Board of Arpège (until October 31, 2008)

Directorships held between 2003 and 2007
- Member of the Management Board and Chief Executive Officer of the Caisse d'Epargne Ile-de-France Ouest
- Vice-Chairman of the Supervisory Board of Scientipole IDF Capital
- Director of Caisse Générale de Retraites du Personnel des Caisses d'Epargne
- Director of Caisse Générale de Prévoyance du Personnel des Caisses d'Epargne
- Permanent representative of the Caisse d'Epargne Ile-de-France Ouest, Director of DROSI

Bruno DUGELAY

Directorships and positions held at December 31, 2008

- Member of the Supervisory Board and Strategy Committee of the CNCE
- Chairman of the Steering and Supervisory Board and member of the Audit Committee of the Caisse d'Epargne Côte d'Azur
- Member of the Board of Directors of Natixis Épargne Financière
- Member of the Board of Directors of Natixis Épargne Financière Gestion

Main directorships held in previous years

Directorships expired in 2008
- Member of the Supervisory Board of Ecureuil Gestion (until June 30, 2008)
- Member of the Supervisory Board of Ecureuil Vie (until June 30, 2008)

Eric GRIMONPREZ

Directorships and positions held at December 31, 2008

- Member of the Supervisory Board and Audit Committee of the CNCE
- Chairman of the Steering and Supervisory Board and member of the Audit Committee of the Caisse d'Epargne Nord France Europe
- Chairman of the Supervisory Board of SIA Habitat
- Chairman of the Board of Directors of Lille Est (local savings company)
- Member of the Supervisory Board of Natixis Garanties
- Director of the Fédération Nationale des Caisses d'Epargne (FNCE)
- Permanent representative of the Caisse d'Epargne Nord France Europe, Director of Natixis Euro Aggregate

Main directorships held in previous years

Directorships held between 2003 and 2007
- Chairman of the Steering and Supervisory Board of the Caisse d'Epargne de Flandre
- Chairman of the Board of Directors of *Société Immobilière de l'Artois*
- Director of Fondation Belem

Jean LEVALLOIS

Directorships and positions held at December 31, 2008

- Member of the Supervisory Board and Remuneration Committee of the CNCE
- Chairman of the Steering and Supervisory Board and Remuneration Committee, member of the Audit Committee of the Caisse d'Epargne Normandie
- Chairman of the Board of Directors of SLE Cherbourg (local savings company)
- Director of Pluralisme Expression (not-for-profit organization)
- Chairman of the Board of Directors of Cotentin (subsidized housing corporation)
- Director of Fondation Caisses d'Epargne pour la solidarité
- Permanent representative of the Caisse d'Epargne Normandie, Director of Editions de l'Epargne

Main directorships held in previous years

Directorships held between 2003 and 2007
- Member of the Supervisory Board of CEMM (until March 12, 2007)

Alain MAIRE

Directorships and positions held at December 31, 2008

- Member of the Supervisory Board and Strategy Committee of the CNCE
- Chairman of the Management Board of the Caisse d'Epargne Bourgogne Franche-Comté
- Member of the Supervisory Board of GCE Capital
- Member of the Supervisory Board of Ecureuil Crédit
- Director of Ecureuil Vie Développement
- Director of CFCAL Banque
- Director of CFCAL SCF
- Director of the FNCE
- Chairman of the Board of Directors of Patrimoine Grand Dijon
- Permanent representative of the Caisse d'Epargne Bourgogne Franche-Comté, Director of Société d'Equipement du Département du Doubs
- Permanent representative of the Caisse d'Epargne Bourgogne Franche-Comté, member of the Supervisory Board of GCE Business Services
- Permanent representative of the Caisse d'Epargne Bourgogne Franche-Comté, member of the Supervisory Board of GCE Technologies
- Permanent representative of the Caisse d'Epargne Bourgogne Franche-Comté, Director of GIE Production Ecureuil Est
- Chairman of the FBF Burgundy Banks Committee
- Member of the Supervisory Board of FCPR Bourgogne Franche Comté PM2
- Member of the Supervisory Board of FCPR Bourgogne Franche-Comté PM3

Main directorships held in previous years

Directorships expired in 2008
- Non-voting member of Maryse Bastie (until June 23, 2008)
- Chairman of the Supervisory Board of Arpège (until June 30, 2008)
- Permanent representative of the Caisse d'Epargne Bourgogne Franche-Comté, Director of Patrimoine Grand Dijon (until June 23, 2008)
- Permanent representative of the Caisse d'Epargne Bourgogne Franche-Comté, Director of Neolia (until December 1, 2008)

Directorships held between 2003 and 2007
- Member of the Supervisory Board and member of the Audit Committee of Crédit Foncier de France
- Chairman of the Board of Directors of Groupement d'Achat des Caisses d'Epargne – ODACIA
- Permanent representative of the Caisse d'Epargne de Bourgogne Franche-Comté on the Board of Directors of Muracef
- Director of Vivalis Investissements (economic interest grouping)
- Permanent representative of the Caisse d'Epargne Alsace, Director of Direct Ecureuil Est
- Non-voting member of UEA

Benoît MERCIER

Directorships and positions held at December 31, 2008

- Member of the Supervisory Board and Audit Committee of the CNCE
- Chairman of the Management Board of the Caisse d'Epargne Lorraine Champagne-Ardenne
- Member of the Supervisory Board and Chairman of the Audit Committee of Banque Palatine
- Chairman of the Board of Directors of GIRCE Stratégie
- Member of the Supervisory Board and the Audit Committee of Natixis Garanties
- Member of the Supervisory Board and the Audit Committee of Ecureuil Crédit
- Director of CEGI
- Permanent representative of the Caisse d'Epargne Lorraine Champagne-Ardenne, Director of GIRCE Technologies
- Permanent representative of the Caisse d'Epargne Lorraine Champagne-Ardenne, Director of Production Ecureuil Est
- Director of Maison Burtin
- Director of Boizel Chanoine Champagne
- Director of OPAC de Nancy (social housing organization)
- Permanent representative of the CNCE, Director of Livret Bourse Investissement
- Permanent representative of the Caisse d'Epargne Lorraine Champagne-Ardenne, member of the Supervisory Board de GCE Business Services
- Permanent representative of the Caisse d'Epargne Lorraine Champagne-Ardenne, Chairman of Caisse d'Epargne Champagne Ardenne Financements

Main directorships held in previous years

Directorships held between 2003 and 2007
- Chairman of the Management Board of the Caisse d'Epargne Val de France Orléanais
- Chairman of the Management Board of the Caisse d'Epargne Champagne Ardenne
- Member of the Supervisory Board of IXIS Corporate & Investment Bank
- Chairman of the Management Committee of VFO Communication
- Permanent representative of the Caisse d'Epargne Val de France Orléanais, Chairman of SAS VFO Communication
- Chairman of the Management Committee of SAS VFO Communication
- Permanent representative of the Caisse d'Epargne Val de France Orléanais, Director of GIRCE Stratégie
- Permanent representative of the Caisse d'Epargne Val de France Orléanais, Director of la SEM Développement Orléanais
- Permanent representative of the Caisse d'Epargne Val de France Orléanais, Director of SA d'HLM Habitat Montargis Val de France
- Permanent representative of the Caisse d'Epargne Val de France Orléanais, Director of SEM Orléans Gestion
- Permanent representative of the Caisse d'Epargne Val de France Orléanais, Director of Orléans Spectacles – Zénith
- Director of Financière CEGI
- Permanent representative of the Caisse d'Epargne Val de France Orléanais, Director of la SA d'HLM Loiret Habitat
- Permanent representative of the CNCE, Director of Vigeo

Jean-François PAILLISSE

Directorships and positions held at December 31, 2008

- Member of the Supervisory Board and Chairman of the Audit Committee of the CNCE
- Chairman of the Management Board of Caisse d'Epargne Loire-Centre
- Director and member of the Audit Committee of GCE Assurances
- Chairman of CECVL Communication
- Director of Natixis Asset Management
- Director of Natixis Financement
- Director of Natixis Consumer Finance
- Vice-Chairman of the Board of Directors of Touraine Logement
- Member of the Management Committee of VFO Communication
- Permanent representative of the Caisse d'Epargne Loire-Centre, member of the Supervisory Board de GCE Business Services
- Permanent representative of the Caisse d'Epargne Loire-Centre, member of the Supervisory Board de GCE Technologies
- Vice-Chairman of the Supervisory Board of Orléans TV
- Vice-Chairman of SAS Touraine Télévision
- Director of SOCRAM Banque

Main directorships held in previous years

Directorships expired in 2008
- Permanent representative of the Caisse d'Epargne Loire-Centre, Director of GIRCE Stratégie (until October 31, 2008)

Directorships held between 2003 and 2007
- Chairman of the Management Board of the Caisse d'Epargne Centre Val de Loire
- Permanent representative of the Caisse d'Epargne Centre-Val de Loire, Director of Ecureuil Assurances IARD
- Non-voting member of Ecureuil Vie
- Director of *Le Nouveau Logis* (subsidized housing corporation)
- Member of the Supervisory Board de Natixis Asset Management
- Director of Foncier Expertise SA
- Permanent representative of the Caisse d'Epargne Loire-Centre, Director of Habitat Montargis Val de France (subsidized housing corporation)
- Permanent representative of the Caisse d'Epargne Loire-Centre, Director of Développement Orléanais (semi-public real estate company)
- Director of Ecrinvest 11 SA

Bernard SIROL

Directorships and positions held at December 31, 2008

- Member of the Supervisory Board and Remuneration Committee of the CNCE
- Chairman of the Steering and Supervisory Board of the Caisse d'Epargne de Midi-Pyrénées
- Chairman of the Board of Directors of Toulouse Centre (local savings company)

Michel SORBIER

Directorships and positions held at December 31, 2008

- Member of the Supervisory Board and Remuneration Committee of the CNCE
- Chairman of the Steering and Supervisory Board and Remuneration Committee, member of the Audit Committee of the Caisse d'Epargne d'Auvergne et du Limousin
- Director of Crédit Foncier de France
- Director of GCE Courtage
- Chairman of the Board of Directors of Limoge Ville (local savings company)

Main directorships held in previous years

Directorships held between 2002 and 2007
- Member of the Supervisory Board of UEA

Yves TOUBLANC

Directorships and positions held at December 31, 2008

- Member of the Supervisory Board and Audit Committee of the CNCE
- Chairman of the Steering and Supervisory Board of the Caisse d'Epargne Rhône Alpes
- Chairman of Chatel Participations
- Permanent representative of Chatel Participations, Chairman of the Board of Directors of SLE Sillon Alpin (local savings company)
- Director of SATIL REM
- Director of PROCOAT
- Legal manager of Chatel Industrie
- Legal manager of CARTOGRAIM – CONSEIL

Main directorships held in previous years

Directorships held between 2003 and 2007
- Member of the Supervisory Board of Ecureuil Vie
- Director of GVC Entreprises
- Director of Lazareth

Other directorships and positions held by employee representatives on the Supervisory Board

Serge HUBER

Directorships and positions held at December 31, 2008

- Employee representative on the Supervisory Board of the CNCE
- Member Steering and Supervisory Board of the Caisse d'Epargne Loire-Centre
- General Secretary of Syndicat-Unifié/UNSA

Jacques MOREAU

Directorships and positions held at December 31, 2008

- Employee representative on the Supervisory Board of the CNCE
- National labor union representative of the Caisse d'Epargne Ile-de-France Paris
- National delegate (employment and training) to the CFE-CGC

Non-voting members

Joël BOURDIN

Directorships and positions held at December 31, 2008

- Non-voting member of the Supervisory Board of the CNCE
- Vice-Chairman of the Steering Board of the Caisse d'Epargne de Normandie
- Chairman of the Board of Directors of Eure (local savings company)

Main directorships held in previous years

Directorships held between 2003 and 2007
- Chairman of the Steering and Supervisory Board of the Caisse d'Epargne de Haute-Normandie (until June 2, 2008)

Jean-Marc ESPALIOUX

Directorships and positions held at December 31, 2008

- Non-voting member of the Supervisory Board of the CNCE
- Chairman and Chief Executive Officer of Financière Agache Private Equity
- Director and member of the Audit Committee of Veolia Environnement
- Director of Air France-KLM
- Member of the Supervisory Board of the Flo group
- Member of the Supervisory Board of Homair Vacances
- Chairman of the Supervisory Committee of Lyparis
- Member of the Supervisory Board of CFSP

Main directorships held in previous years

Directorships held between 2003 and 2007
- Chairman of the Management Board of the Accor group

Nicole MOREAU

Directorships and positions held at December 31, 2008

- Permanent representative of the Fédération Nationale des Caisses d'Epargne (FNCE), non-voting member of the Supervisory Board of the CNCE
- Chairwoman of the Steering and Supervisory Board and Member of the Audit Committee and Remuneration Committee of the Caisse d'Epargne Ile-de-France Paris
- Chairwoman of the Board of Directors of the Fédération Nationale des Caisses d'Epargne (FNCE)
- Director of Fondation Caisses d'Epargne pour la solidarité

Henri PROGLIO

Directorships and positions held at December 31, 2008

- Non-voting member of the Supervisory Board and independent member of the Remuneration Committee of the CNCE
- Member of the Supervisory Board and Remuneration Committee of Natixis
- Director, Chairman of the Remuneration Committee, member of the Remuneration Committee and Strategy Committee of CNP Assurances
- Chairman and Chief Executive Officer of Veolia Environnement
- Legal manager of Veolia Eau
- Director of EDF
- Director of Dassault Aviation
- Member of the Supervisory Board of Lagardère
- Director of SARP Industries
- Chairman of Campus Veolia
- Chairman of the Board of Directors of Veolia Transport
- Chairman of the Board of Directors of Veolia Propreté
- Chairman of the Board of Directors of Veolia Water
- Member of the Supervisory Boards (A and B) of Dalkia
- Chairman of the Supervisory Board of Dalkia France
- Director of Dalkia International
- Director of Société des Eaux de Marseille
- Director of Veolia Environmental Services Australasia
- Director of Veolia Transport Australia
- Director of Veolia Environmental Services (United Kingdom)
- Director of Siram (Italy)
- Director of Veolia Transport Northern Europe (Sweden)
- Director of Veolia Environmental Services North America (United States)
- Director of Veolia Environnement North America Operations (USA)

Main directorships held in previous years

Directorships held between 2003 and 2007
- Chairman of the Management Board of Vivendi Environnement
- Director of EDF International
- Director of Vinci
- Member of the Supervisory Board of CEO
- Member of the Supervisory Board of CFSP
- Director of Comgen Australia
- Director of Connex Leasing
- Director of Connex Transport AB
- Director of Connex Transport UK
- Member of the Supervisory Board of Société des Eaux de Melun
- Director of Esterra
- Director of Safise
- Director of Sarp
- Director of B 1998 SL
- Director of FCC
- Director of Grucycsa
- Director of Onyx UK Holdings
- Director of Wasco
- Member of the Supervisory Board of Elior
- Director of Thales
- Director of Veolia Environmental Services Asia (Singapore)

Directorships expired in 2008
- Director of Casino, Guichard-Perrachon (directorship expired June 9, 2008)

Pierre SERVANT

Directorships and positions held at December 31, 2008

- Permanent representative of Natixis, non-voting member of the Supervisory Board of the CNCE
- Director of Natixis Global Asset Management
- Member of the Executive Committee of Natixis
- Director and member of the Remuneration Committee of AEW Europe
- Vice-Chairman of the Supervisory Board of Fonds de Garantie des Dépôts (FGD)
- Member of the Board of Directors of IXIS Asset Management US Corporation
- Permanent representative of the CNCE on the Board of Directors of Natixis Asset Management
- Permanent representative of the CNCE on the Board of Directors of Natixis Global Asset Management
- Director of Crédit Foncia

Main directorships held in previous years

Directorships held between 2003 and 2007
- Member of the Management Board of the CNCE

2.2.5 Remuneration and benefits granted to corporate officers

Table 1 – Summary of remuneration and options and shares awarded to each corporate officer

		Remuneration due in respect of fiscal year (table 2)	Value of options awarded (table 4)	Value of performance shares awarded (table 6)
Charles MILHAUD	2007	1,433,763.08		
	2008	821,241.94	0	0
Nicolas MERINDOL	2007	1,133,183.23		
	2008	541,490.08	0	0
Julien CARMONA	2007	400,928.00		
	2008	372,900.00	0	0
Bernard COMOLET	2007	NA		
	2008	162,313.63	0	0
Alain LEMAIRE	2007	NA		
	2008	99,236.36	0	0
Guy COTRET	2007	690,528.08		
	2008	466,696.08	0	0
Alain LACROIX	2007	555,775.00		
	2008	363,035.00	0	0

Table 2 – Remuneration of Management Board Members

(1) Remuneration awarded to corporate officers for positions held during the year, whatever the date of payment.
(2) All remuneration actually paid to the corporate officer for positions held during the year.
Rules for awarding attendance fees:
Fiscal year 2007:
– amounts due: attendance fees awarded for 2007 (paid in 2008);
– amounts paid: attendance fees paid in 2007 (for 2006).
Fiscal year 2008:
– amounts due: attendance fees awarded for 2008 (paid in 2009);
– amounts paid: attendance fees paid in 2008 (for 2007).
NA: not applicable.
*: The corporate officers have waived their right to receive payment of the variable portion of their remuneration in respect of 2008.

Charles MILHAUD Chairman of the Management Board until October 19, 2008	Fiscal year 2007		Fiscal year 2008	
	Amounts due (1) *(in euros)*	Amounts paid (2) *(in euros)*	Amounts due (1) *(in euros)*	Amounts paid (2) *(in euros)*
Basic remuneration	/	/	/	/
Corporate office	490,000.08	490,000.08	397,568.94	397,568.94
Variable portion of remuneration	385,000.00	440,000.00	*	385,000.00
Exceptional bonus	/	150,000.00	/	0.00
Benefits in kind (company car, housing and other benefits)	65,586.00	65,586.00	52,156.00	52,156.00
Attendance fees	158,177.00	103,670.00	85,600.00	144,935.00
Other benefits related to attendance fees	335,000.00	335,000.00	285,917.00	285,917.00
TOTAL	**1,433,763.08**	**1,584,256.08**	**821,241.94**	**1,265,576.94**

Nicolas MERINDOL Member of the Management Board and Chief Executive Officer until October 19, 2008	Fiscal year 2007 Amounts due (1) *(in euros)*	Fiscal year 2007 Amounts paid (2) *(in euros)*	Fiscal year 2008 Amounts due (1) *(in euros)*	Fiscal year 2008 Amounts paid (2) *(in euros)*
Basic remuneration	/	/	/	/
Corporate office	502,345.23	502,345.23	359,585.08	359,585.08
Variable portion of remuneration (in respect of the previous FY)	354,596.00	288,750.00	*	354,596.00
Exceptional bonus	/	150,000.00	/	0.00
Benefits in kind (company car, housing and other benefits)	/	5,523.60	/	7,024.00
Attendance fees	202,742.00	188,797.00	117,313.00	191,992.00
Other benefits related to attendance fees	73,500.00	32,500.00	64,792.00	63,542.00
TOTAL	**1,133,183.23**	**1,167,915.83**	**541,690.08**	**976,739.08**

Julien CARMONA Member of the Management Board until October 19, 2008	Fiscal year 2007 (as from June 11, 2007) Amounts due (1) *(in euros)*	Fiscal year 2007 (as from June 11, 2007) Amounts paid (2) *(in euros)*	Fiscal year 2008 Amounts due (1) *(in euros)*	Fiscal year 2008 Amounts paid (2) *(in euros)*
Basic remuneration	180,428.00	180,428.00	324,000.00	259,874.76
Corporate office	21,000.00	21,000.00	28,900.00	28,900.00
Variable portion of remuneration (in respect of the previous FY)	180,000.00	0.00	*	180,000.00
Exceptional bonus	/	0.00	/	0.00
Benefits in kind (company car, housing and other benefits)	/	1,197.60	/	4,716.00
Attendance fees	19,500.00	0.00	20,000.00	18,000.00
Other benefits related to attendance fees	/	/	/	/
TOTAL	**400,928.00**	**202,625.60**	**372,900.00**	**491,490.76**

Bernard COMOLET Chairman of the Management Board since October 19, 2008	Fiscal year 2007 Amounts due (1) *(in euros)*	Fiscal year 2007 Amounts paid (2) *(in euros)*	Fiscal year 2008 Amounts due (1) *(in euros)*	Fiscal year 2008 Amounts paid (2) *(in euros)*
Basic remuneration	/	/	/	/
Corporate office	NA	NA	89,621.63	89,621.63
Variable portion of remuneration	NA	NA	NA	NA
Exceptional bonus	NA	NA	/	0.00
Benefits in kind (company car, housing and other benefits)	NA	NA	/	378.36
Attendance fees	NA	NA	33,900.00	84,000.00
Other benefits related to attendance fees	NA	NA	38,792.00	0.00
TOTAL	**NA**	**NA**	**162,313.63**	**173,999.99**

Alain LEMAIRE	Fiscal year 2007		Fiscal year 2008	
Member of the Management Board and Chief Executive Officer since October 19, 2008	Amounts due (1) *(in euros)*	Amounts paid (2) *(in euros)*	Amounts due (1) *(in euros)*	Amounts paid (2) *(in euros)*
Basic remuneration	/	/	/	/
Corporate office	NA	NA	73,236.36	73,236.36
Variable portion of remuneration	NA	NA	NA	NA
Exceptional bonus	NA	NA	/	0.00
Benefits in kind (company car, housing and other benefits)	NA	NA	/	400.00
Attendance fees	NA	NA	26,000.00	25,058.00
Other benefits related to attendance fees	NA	NA	/	/
TOTAL	**NA**	**NA**	**99,236.36**	**98,694.36**

Guy COTRET	Fiscal year 2007		Fiscal year 2008	
Member of the Management Board	Amounts due (1) *(in euros)*	Amounts paid (2) *(in euros)*	Amounts due (1) *(in euros)*	Amounts paid (2) *(in euros)*
Basic remuneration	360,000.00	355,127.52	360,000.00	358,860.96
Corporate office	40,000.08	40,000.08	40,000.08	40,000.08
Variable portion of remuneration	200,000.00	240,000.00	*	200,000.00
Exceptional bonus	/	80,000.00	/	0.00
Benefits in kind (company car, housing and other benefits)	/	5,651.16	/	5,748.00
Attendance fees	90,528.00	54,019.00	66,696.00	82,886.00
Other benefits related to attendance fees	/	/	/	/
TOTAL	**690,528.08**	**774,797.76**	**466,696.08**	**687,495.04**

Alain LACROIX	Fiscal year 2007		Fiscal year 2008	
Member of the Management Board	Amounts due (1) *(in euros)*	Amounts paid (2) *(in euros)*	Amounts due (1) *(in euros)*	Amounts paid (2) *(in euros)*
Basic remuneration	300,000.00	300,000.00	300,000.00	304,314.12
Corporate office	30,000.00	30,000.00	30,000.00	30,000.00
Variable portion of remuneration	165,000.00	14,150.00	*	165,000.00
Exceptional bonus	/	NA	/	0.00
Benefits in kind (company car, housing and other benefits)	/	4,676.40	/	4,668.00
Attendance fees	60,775.00	20,100.00	33,035.00	66,275.00
Other benefits related to attendace fees	/	/	/	/
TOTAL	**555,775.00**	**368,926.40**	**363,035.00**	**570,257.12**

Table 3 – Attendance fees and other remuneration received by members of the Supervisory Board

Attendance fees: amounts paid in 2007 and 2008 by the CNCE to members of the Supervisory Board, as well as amounts due for 2008.
Other remuneration: attendance fees received for offices held in individual Caisses d'Epargne, subsidiairies and other Group companies.
Other remuneration* for Bernard Comolet and Alain Lemaire is provided in the table relative to Directors (Management Board).
NA: not applicable.

	Amounts paid in 2007 (for year 2006) *(in euros)*	Amounts paid in 2008 (for 2007) *(in euros)*	Amounts awarded in 2008 (paid in 2009) *(in euros)*
Catherine AMIN-GARDE			
Attendance fees	5,634.00	26,456.00	30,000.00
Other remuneration	32,100.00	51,000.00	
François AUDIBERT (member of the Supervisory Board since December 20, 2007, with effect from January 1, 2008)			
Attendance fees	NA	0.00	24,000.00
Other remuneration	13,600.00	7,800.00	
Jean-Marc CARCELES (member of the Supervisory Board since March 7, 2007)			
Attendance fees	NA	22,918.00	32,000.00
Other remuneration	4,500.00	6,900.00	
Jean-Charles COCHET (member of the Supervisory Board until October 23, 2007)			
Attendance fees	14,080.00	13,842.00	NA
Other remuneration	12,000.00	NA	
Bernard COMOLET (Vice-Chairman of the Supervisory Board until October 19, 2008)			
Attendance fees	29,570.00	35,416.00	27,444.00
Other remuneration *	58,000.00		
Dominique COURTIN			
Attendance fees	23,930.00	39,122.00	34,888.00
Other remuneration	32,100.00	53,900.00	
Jean-Pierre DERAMECOURT (member of the Supervisory Board since December 20, 2007)			
Attendance fees	NA	1,538.00	22,000.00
Other remuneration	NA	0.00	
Michel DOSIERE (member of the Supervisory Board until March 21, 2007)			
Attendance fees	10,324.00	4,615.00	NA
Other remuneration	2,000.00	NA	
Bruno DUGELAY (member of the Supervisory Board since March 7, 2007)			
Attendance fees	NA	28,347.00	46,245.00
Other remuneration	39,000.00	36,706.00	
Marcel DUVANT (member of the Supervisory Board until October 30, 2007)			
Attendance fees	29,230.00	27,176.00	NA
Other remuneration	33,600.00	NA	
Eric GRIMONPREZ (member of the Supervisory Board since December 20, 2007)			
Attendance fees	NA	1,538.00	35,000.00
Other remuneration	32,100.00	40,674.00	

	Amounts paid in 2007 (for year 2006) *(in euros)*	Amounts paid in 2008 (for 2007) *(in euros)*	Amounts awarded in 2008 (paid in 2009) *(in euros)*
Serge HUBER (unified labor union)			
Attendance fees	12,202.00	16,918.00	20,000.00
Other remuneration	0.00	0.00	
Yves HUBERT (Chairman of the Supervisory Board since December 20, 2007)			
Attendance fees	37,220.00	51,857.00	50,357.00
Other remuneration (A88 2008)	40,500.00	121,000.00	
Alain LEMAIRE (member of the Supervisory Board until October 19, 2008)			
Attendance fees	23,046.00	36,916.00	29,881.50
Other remuneration *	27,138.00		
Jean LEVALLOIS			
Attendance fees	27,370.00	36,000.00	31,459.00
Other remuneration	32,850.00	35,250.00	
Gérard LUNEL (member of the Supervisory Board from March 7 to September 12, 2007)			
Attendance fees	NA	7,690.00	NA
Other remuneration	NA	NA	
Alain MAIRE			
Attendance fees	5,634.00	24,000.00	30,000.00
Other remuneration	750.00	4,600.00	
Benoît MERCIER (member of the Supervisory Board since July 5, 2007)			
Attendance fees	NA	10,766.00	22,000.00
Other remuneration	32,300.00	23,400.00	
Bernard MONIER (member of the Supervisory Board from March 7 to December 20, 2007)			
Attendance fees	NA	24,918.00	NA
Other remuneration	23,316.00	NA	
Jacques MOREAU			
Attendance fees	13,740.00	18,456.00	20,000.00
Other remuneration	0.00	0.00	
Jacques MOUTON (Chairman of the Supervisory Board until December 20, 2007)			
Attendance fees	40,447.00	51,000.00	NA
Other remuneration (including compensation as Chairman of the Supervisory Board in 2007)	112,000.00	NA	
Jean-François PAILLISSE (member of the Supervisory Board since March 7, 2007)			
Attendance fees	NA	27,584.00	33,450.50
Other remuneration	29,500.00	23,350.00	
Bernard SIROL			
Attendance fees	28,480.00	36,000.00	36,000.00
Other remuneration	33,900.00	35,500.00	

	Amounts paid in 2007 (for year 2006) *(in euros)*	Amounts paid in 2008 (for 2007) *(in euros)*	Amounts awarded in 2008 (paid in 2009) *(in euros)*
Michel SORBIER (member of the Supervisory Board since March 26, 2008)			
Attendance fees	NA	NA	28,062.00
Other remuneration	NA	79,595.00	
Yves TOUBLANC			
Attendance fees	5,634.00	30,456.00	36,000.00
Other remuneration	22,950.00	52,758.00	
Hervé VOGEL (member of the Supervisory Board until January 30, 2007)			
Attendance fees	22,052.00	3,538.00	NA
Other remuneration	0.00	NA	
TOTAL	**942,797.00**	**1,149,500.00**	**588,787.00**

Attendance fees and other remuneration received by non-voting members of the Supervisory Board

Joël BOURDIN			
Attendance fees	14,080.00	16,918.00	17,777.00
Henri PROGLIO			
Attendance fees	10,340.00	12,657.00	13,427.00
Jean-Marc ESPALIOUX			
Attendance fees	2,218.00	7,690.00	14,444.00
FNCE represented by Nicole MOREAU			
Attendance fees	3,756.00	20,000.00	20,000.00
Natixis represented by Pierre SERVANT			
Attendance fees	3,756.00	15,380.00	17,777.00
TOTAL	**34,150.00**	**72,645.00**	**83,425.00**

Table 4 – Share subscription or purchase options awarded to corporate officers by Natixis in 2008

Name of corporate officer	Award date	Type of options	Value of options	Number of options awarded	Strike price *(in euros)*	Exercise period
Individual waiver to share subscription options awarded in 2008						

Table 5 – Share subscriptioin or purchase options exercised by corporate officers during the period

Name of corporate officer	N° and date of plan	Number of options exercised during the period	Strike price
No share subscription or purchase options were exercised during the period			

Table 6 – Performance shares awarded to corporate officers (bonus shares related to performance criteria)

Performance shares awarded by the AGM	N° and date of plan	Number of shares awarded	Value of shares	Date of acquisition	Date of availability	Performance conditions
No performance shares were awarded to corporate officers during the period						

Natixis shares were awarded for no consideration to all the employees of the Natixis, Banque Populaire and Caisse d'Epargne groups during 2007. Corporate officers benefited from this bonus share plan **under their employment contracts.**

Bonus shares awared to corporate officers

Name of corporate officer	N° and date of plan	Number of shares awarded	Number of bonus shares awarded, after adjustment *	Value of shares according to the method used for the consolidated financial statements *(in euros)*	Date of acquisition	Date of availability
Natixis SHARES						
Guy COTRET	11/12/2007	60	93	735.87	11/12/2009	11/12/2011
Alain LACROIX	11/12/2007	60	93	735.87	11/12/2009	11/12/2011
Julien CARMONA	11/12/2007	60	93	735.87	11/12/2009	11/12/2011
Nexity SHARES						
Guy COTRET	04/30/2008	8,000			2010	

* *After adjustment following the completion of the capital increase in September 2008.*

Table 7 – Performance shares available for corporate officers (availability of bonus shares related to performance criteria)

Availability of performance shares	N° and date of plan	Number of shares which have become available	Vesting conditions
No performance shares have been awarded or exercised by corporate officers during the period			

Table 8 – Historical summary of Natixis share subscription or purchase options

Awards in 2007

Name of corporate officer	Award date	Type of options	Number of options awarded	Subscription price after adjustment [(1)] *(in euros)*	Starting date for exercise of options	Expiration date
Charles MILHAUD	01/29/2007	Subscription	100,000	14.38	01/29/2011	01/28/2014
Nicolas MERINDOL	01/29/2007	Subscription	90,000	14.38	01/29/2011	01/28/2014
Guy COTRET	01/29/2007	Subscription	70,000	14.38	01/29/2011	01/28/2014
Alain LACROIX	01/29/2007	Subscription	65,000	14.38	01/29/2011	01/28/2014

(1) The subscription price corresponds to the average stock market price of the Natixis share during the 20 trading days preceding the date on which the Management Board made its decision.

Nexity bonus shares awared to corporate officers in 2008

Name of Corporate Officer	Award date	Number of shares awarded	Value of shares	Vesting period	Holding period	Observations
Guy COTRET	04/30/2008	8,000	/	2010	2 years	Awarded pursuant to his employment contract (CEO of Nexity)
Individual waiver by other beneficiaries with respect to the Nexity bonus share plan in 2008						

Table 9 – Share subscription or purchase options granted to and exercised by the first 10 employees who are not corporate officers

Name of employee who is not a corporate officer	N° and date of plan	Number of options awarded and exercised during the period	Weighted average price
No share subscription or purchase option was granted to or exercised by an employee during the period			

Table 10 – Summary of compliance with AFEP-MEDEF recommendations

Name of Corporate Officer	Term of office		Employment Contract	Supplementary pension plan	Compensation or other benefits due to cessation or change in duties	Compensation relating to a non-compete clause
	Beginning	End				
Charles MILHAUD *Chairman of the Management Board (resigned)*	01/01/2000	10/19/2008	NO	YES	YES	NO
Nicolas MERINDOL *Member of the Management Board / Chief Executive Officer (resigned)*	01/01/2000	10/19/2008	YES	YES	YES	NO
Julien CARMONA *Member of Management Board (resigned)*	06/11/2007	10/19/2008	YES	YES	YES	NO
Bernard COMOLET *Chairman of Management Board (resigned)*	10/19/2008	03/02/2009	NO	YES	NO	NO
François PEROL *Chairman of the Management Board*	03/02/2009		NO	YES		NO
Alain LEMAIRE *Member of the Management Board / Chief Executive Officer*	10/19/2008		NO	YES	YES	NO
Guy COTRET *Member of the Management Board*	12/15/2003		YES	YES	YES	NO
Alain LACROIX *Member of the Management Board*	09/29/2006		YES	YES	YES	NO

2

3 Human resources and environmental information

3

3.1 Human resources information

3.1.1 The human side of the Group

Changes in the workforce

In 2008, Groupe Caisse d'Epargne had a total of 51,739 employees on an average monthly full-time equivalent (FTE) basis: remaining virtually stable between 2007 and 2008.

The scope does not include employees of Natixis (or those of Nexity) as the Group now owns less than 50% of these two entities. The Human resources departments of these two subsidiaries still actively participate in the development of Groupe Caisse d'Epargne, however.

The Caisses d'Epargne, at the heart of the Group's business, employ 37,123 people (average monthly FTEs), representing nearly three-quarters of the Group's total workforce, relatively stable (down 0.8%) compared to 2007.

The Caisse d'Epargne segment, made up of the Caisses d'Epargne, IT communities and joint entities, had 41,267 employees (average monthly FTEs), representing 80% of the workforce managed by the Group, a slight drop (-1.2%) compared to the 2007 level, due in part to the outsourcing of CNCE's electronic payments activity to a non-segment subsidiary at end-2007 (GCE Paiements).

Entities	2008	2007	Change (in number)
Caisse d'Epargne segment	**41,267**	**41,767**	**(500)**
Caisses d'Epargne	37,123	37,421	(298)
IT communities	2,082	2,133	(51)
Joint subsidiaries and entities	2,062	2,212	(150)
Non-branch Group companies	**10,472**	**9,479**	**993**
MANAGED EMPLOYEES – GROUPE CAISSE D'EPARGNE	**51,739**	**51,245**	**494**
Natixis (1) (2)	22,096	21,959	137
Nexity (1)	6,772	6,653	119

(1) Employees at the end of the period.
(2) In 2007, Natixis workforce excluding CIFG.

	2008	2007	Change (in number)
Caisses d'Epargne	37,123	37,421	(298)
IT communities	2,082	2,133	(51)
Groupe Crédit Foncier	3,853	4,087	(234)
Banque Palatine	1,194	1,234	(40)
Groupe Océor	2,128	1,714	414
Insurance	427	355	72
Real Estate Services	1,670	1,250	420
CNCE	1,240	1,421	(181)
Other subsidiaries	2,022	1,631	391
MANAGED EMPLOYEES – GROUPE CAISSE D'EPARGNE	**51,739**	**51,245**	**494**

Groupe Caisse d'Epargne primarily employs staff on permanent contracts: there were 44,612 employees (average monthly FTEs) [1] in 2008. Fixed-term contract hires are mainly to cover absent employees (43.6% in terms of average full-time equivalents in 2008) but can also be used for work-study placements and temporary increases in workload.

Recruitment

In 2008, the number of external candidates hired on permanent contracts [1] stood at 2,368, of which 1,639 were directly recruited from outside the Group, and 729 had previously been employed on fixed-term contracts. Women accounted for 57% and the under-25s, represented 23.2% (of which 64.4% were women) of the total number of permanent external recruits. Given that fixed-term contract hires were primarily to cover temporary absences and work overload, the number of people recruited over the course of the year is very high (8,043 [1] of which 68.4% women) in comparison to the number employed on these contracts, 1,985, in 2008).

In 2008, Groupe Caisse d'Epargne pursued its innovative recruitment policy, notably implementing the "*Parrainage des Talents*" (talent sponsoring) program, which uses co-optation as a new way of attracting staff. At the same time, the Group set up an innovative recruitment method called "Job dating," which diversifies and steps up recruitment processes. This method has already been implemented at the Caisses d'Epargne Nord France Europe and Midi-Pyrénées. In February, the Group ran a recruitment drive on the *Second Life* website for the second year in a row.

The Group raised its profile in 2008 by participating in local and national events, including job fairs and school and university forums. The Group Human resources department continued to strengthen its relations with schools, notably creating a chair at the EM Lyon Business School and sending professional staff to participate in introductory talks and exchanges with students of leading schools such as Sciences-Po, ESSEC, and HEC.

Lastly, in line with its values and commitment to social responsibility, the Group participates in school initiatives focusing on diversity: supporting the program "A business school, I deserve it!" organized by ESSEC Group students, or assisting an HEC program for economically disadvantaged students.

Hours

Weekly hours of full and part-time employees

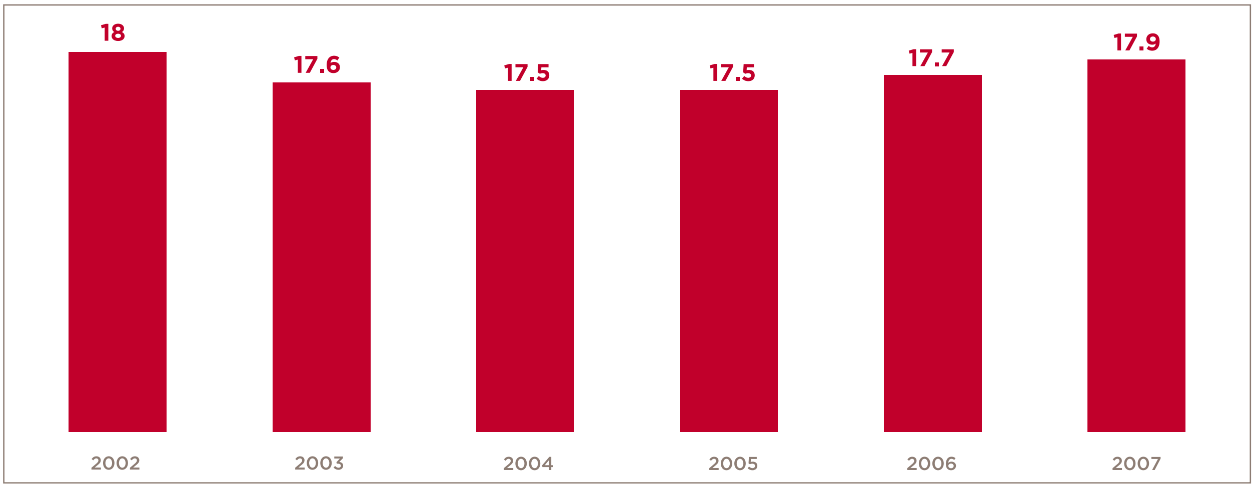
Groupe Caisse d'Epargne employees work an average of 35 hours per week (excluding managerial staff and senior management to whom 35-hour working week rules do not apply). The organization of working time differs from one Groupe Caisse d'Epargne subsidiary to another and between the CNCE head office and the branch network, with, for example, rest days (*RTT* days) being awarded or not, depending on the total number of hours worked on a weekly basis.

Part-time staff accounted for 9.1% of all average monthly FTEs at Groupe Caisse d'Epargne [1] at end-December 2008, 89% of which were women.

Absenteeism and reasons: number of days per FTE

Levels of absenteeism have remained stable since 2002, with an average of 17.9 days absence per FTE employee [2] in the Caisse d'Epargne segment in 2008, more than half of which were attributable to illness.

Average number of days absence per FTE employee (Caisse d'Epargne segment)



(1) Scope of the Group Human resources department = 90% of employees.

(2) 2007 parent company information.

3

3.1.2 Career management and training possibilities

Professional development through mobility, career management and training are priorities, as Groupe Caisse d'Epargne aims to optimize skills and boost motivation within its workforce.

All of these programs contribute to achieving one of the Group's primary HR objectives: building and developing the managerial culture that is necessary for dealing with tomorrow's changes.

Management of senior managers

There were a number of mergers in 2008, which resulted in the replacement of nearly all of the management boards of the Caisses d'Epargne, internal position changes of 58 senior managers within the Group, the retirement of nine individuals and the appointment of 15 new corporate officers.

At the same time, executive committees were set up to ensure the management, coordination and implementation of the strategies of the new entities at the operational level. In addition to these committees, the *Parcours Nouveaux Dirigeants* (new Directors' career development) program was launched to provide the new senior managers with an overview of how the company operates and to foster dialogue between Group functions. Two classes including a total of 24 persons kicked off the program in 2008.

Development of human resources management

The development of human resources management and talented staff members is a major focus of the Group. A number of programs were implemented in 2008 in order to increase expertise and motivation within the workforce:

- with the set-up of the *100% managers* seminars (managers' career development) the managerial community was able to participate in one of the 20 seminars in 2008. Over 1,000 managers, both Officers and branch Directors, participated in these meetings and exchanges organized in the Group's university classrooms;
- the overhaul of the *Parcours de management* scheme for Group Directors assisted new Group Directors in taking on their functions and strengthening the expertise of the most experienced staff members;
- under the ongoing *Parcours hauts potentiels* (high potential career development) program, a pool of high-potential representatives from the business lines was set up to promote employee retention within the Group and prepare them for the highest responsibilities.

Training possibilities

Groupe Caisse d'Epargne has focused on two main areas: assisting the Commercial Banking division in defining an offer aimed at boosting productivity and coordinating the Training function in order to optimize resources.

The training on offer is adapted to the different businesses of Groupe Caisse d'Epargne:

- retail banking employees benefited from an e-learning package with a KYC module covering the main regulatory topics. Moreover, a special training course was developed and offered to new branch managers prior to taking on their functions. Similarly, training programs dedicated to sales staff specialized in wealth management or professional customers were updated to integrate the commercial challenges;
- several initiatives also got under way in the regional development banking network in 2008. Now social-economy and real estate development representatives have access to a complete integration program, and business center Directors are provided with training that includes the multi-market aspect of their business;
- an IFRS training program was added to the topics offered to support functions. Operational risk training diplomas were also offered in 2008. Lastly, the training program on the fight against money laundering and terrorism is currently being overhauled.

Cross-disciplinary training completes the program. The "*Performance SI*" (IT Efficiency) and *Bénéfices Futur* programs are offered as special modules. Groupe Caisse d'Epargne aims to optimize resources by "outsourcing" the management of national training, as the regional Caisses d'Epargne benefit from better financial terms negotiated with a number of service providers who have received their seal of approval.

Moreover, similar to the *Parcours ESSEC* (ESSEC training course), a new system was set up in 2008 with the *Université Paris-Dauphine* to assist private bankers in taking on their functions.

3.1.3 Diversity and equal opportunity

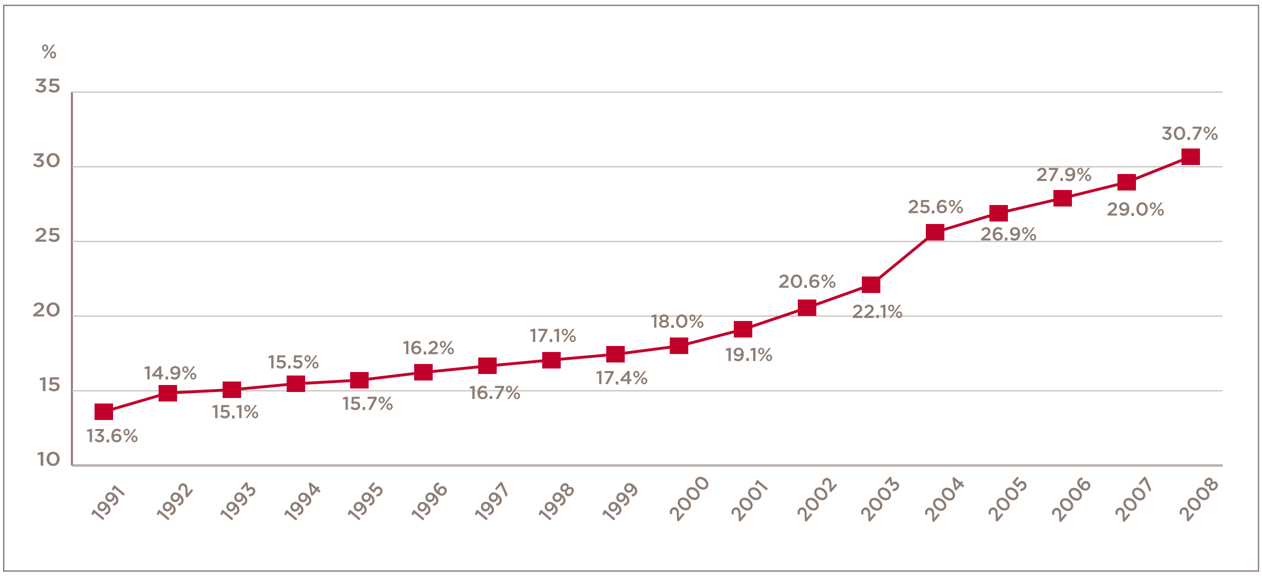
The Group focuses on guaranteeing equal opportunities and the principle of non-discrimination, notably in favor of the disabled and on increasing the proportion of women in certain areas.

Equal opportunity between men and women

The proportion of women in the workforce has risen steadily in recent years to reach 50.9% of total Caisse d'Epargne segment employees in 2008. However, the ratio varies significantly by business and by level (with women representing 10% of Group Directors and 77% of call center advisers, for example). The Group Human resources department is looking to achieve a better balance of men and women in certain areas where the number of women is too high, or too low, and to thus reduce the structural impacts that are responsible for nearly 60% of the differences in remuneration between men and women.

The policy of Groupe Caisse d'Epargne is based on increasing the number of women in management roles. Within the Caisse d'Epargne segment, the number of female managers has doubled in the last 15 years to 30.7% of monthly average FTEs in 2008.

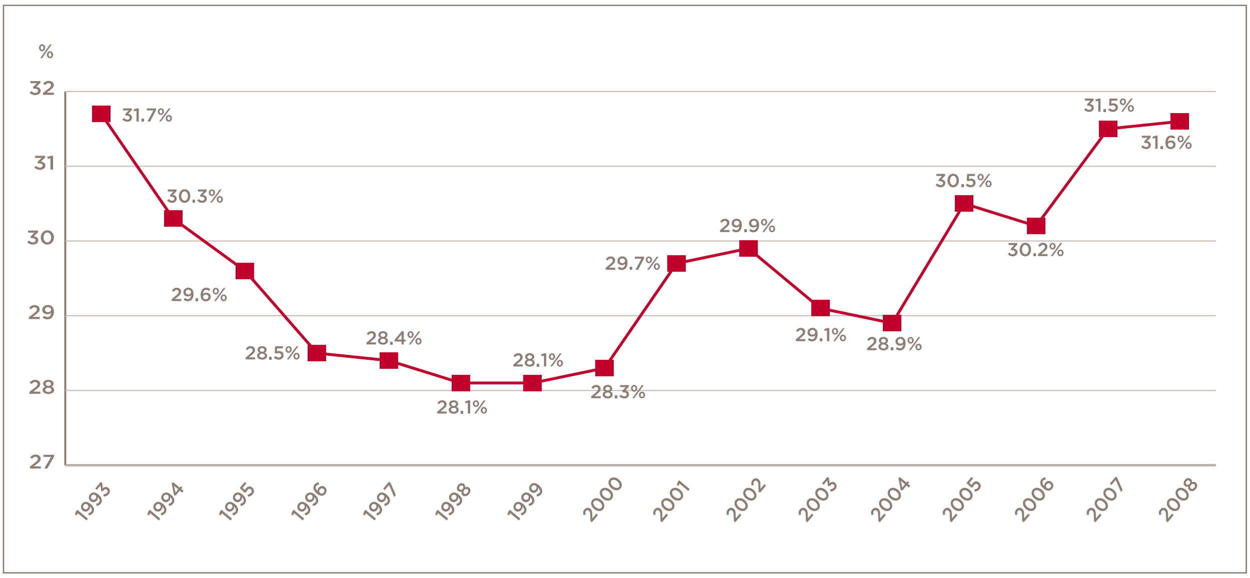
Proportion of women in management-level positions within the Caisses d'Epargne segment (as a % of average montly FTE workface)



With an average wage difference of 32% per FTE in 2008 in favor of men (3) and 31.6% for the Caisse d'Epargne segment, the overall wage discrepancy remains very high despite the Group's efforts to promote women to more senior positions, and in particular to management roles. Although wage levels in most jobs (commercial adviser, client relationship manager, branch manager and branch Director) are almost identical for men and women at the time of hiring, the need for more experienced candidates in new businesses such as regional development banking and risk and compliance, and in senior management, has meant maintaining or even reinforcing the structural impacts that lead to the wage discrepancies between men and women (a difference of 50% to 60% in recent years).

(3) Scope of the Group Human resources department = 90% of employees.

Male/female wage discrepancy (Caisse d'Epargne segment)



Fighting discrimination

To underpin the commitment of Groupe Caisse d'Epargne to fighting all forms of social isolation and promoting equal rights and opportunities, an initial collective national agreement was signed for the period 2006-2008. This agreement marked the beginning of a lasting and conscious effort in favor of the employment and integration of disabled individuals, providing for the recruitment of 170 disabled employees and their long-term integration and career management. The target has even been exceeded, with 200 new disabled employees recruited between January 1, 2006 and December 31, 2008.

The companies of the Caisse d'Epargne segment now employ over 1,000 disabled individuals.

Furthermore, nearly 2,000 initiatives were carried out with the Handicap and Diversity department and specially appointed disability monitors in each company. These include:

- the "introduction to banking businesses" program (Lycée Toulouse-Lautrec in Vaucresson);
- the first "work, health and disability" meeting (November 6 and 7, 2008 in Bordeaux);
- the participation of Groupe Caisse d'Epargne in the employment week for the disabled;
- the creation of a multimedia tool to facilitate the integration of a disabled individual into a team.

Lastly, Groupe Caisse d'Epargne met and actively implemented its commitment to diversity. Human resources experimented with and developed new recruitment methods: recruitment by simulation and testing to assess the sales profile of applicants.

Efforts continued with a new collective agreement signed on October 10, 2008.

3.1.4 Appendices

2008 – NRE indicators – Human resources section	Scope
Workforce	
Number of full-time equivalent employees: 51,739.	Group
New hires: 8,043 fixed-term contracts and 2,368 permanent contracts excluding mobility.	Human resources department
Recruitment difficulties: the Group carried out numerous recruitment campaigns in 2008, and pursued its innovative recruitment policy (*Parrainage des Talents* or talent sponsoring, "Job Dating" programs).	Group
Departures: 6,251 fixed-term contracts and 2,865 permanent contracts outside the Company excluding mobility.	Human resources department
Overtime: 15,931 hours of overtime were paid in 2008.	CNCE
Information on the workforce reduction and job protection scheme: in 2008, several individual Caisses d'Epargne implemented job protection schemes. At Crédit Foncier, a workforce reduction scheme was put in place offering certain employees retirement incentives. Out of 400 eligible employees, 300 took this option, and about 100 left the Company in 2008. Moreover, in Natixis group a job adaptation plan was offered to employees of Natixis SA in September 2008.	Group
Working hours	
– Full-time working hours: 35 hours per week on average for most full-time employees (with or without compensatory RTT days depending on the number of hours worked each week) with an annual regime based on either hours or days for certain management-level posts.	Human resources department
– Part-time working hours: different formulae ranging from 50% to 80%.	Human resources department
– Absenteeism and reasons (2007 data): 8.3%, i.e. 17.9 days per FTE on average, more than half of which were attributable to illness.	Caisse d'Epargne segment
Social security charges	
In 2008, total social security costs and payroll-based taxes (excluding pension costs) for the Group came in at €1,339 million. Pension costs amounted to €418 million.	Group
Application of the provisions of Book IV, Chapter IV of the French Labor Code (profit-sharing and incentive schemes)	
In 2008, the average amount paid under incentive schemes in respect of 2007 amounted to €1,360 per eligible employee, with 1,606 employees benefiting from payments. An average top-up of €1,930 per eligible employee was paid to 1,117 employees.	CNCE
A revision was made to the exceptional profit-sharing agreement of January 1, 2005 with a rider added on June 29, 2006. In 2008, the average amount paid under the scheme in respect of 2007 was €2,360 per eligible employee, with 1,655 employees benefiting from payments.	CNCE
Equal opportunity between men and women	
Women as a proportion of permanent and fixed-term employees: 50.9% (segment), 51.7% (GCE). Women as a proportion of management-level permanent and fixed-term management employees: 30.7% (segment), 33.3% (GCE). Basic wage differential per FTE: 24% (segment), 24.7% (GCE). Total wage differential per FTE: 31.6% (segment), 32% (GCE).	Caisse d'Epargne segment/ Human resources department
Equal opportunity between men and women by branch	
Logistics support: women as a proportion of average monthly FTEs: 57.0%, basic wage differential per FTE: 16.3%, total wage differential per ETP: 21.3%. Banking services management: women as a proportion of average monthly FTEs: 59.2%, basic wage differential per FTE: 16.7%, total wage differential per ETP: 19.9%. Marketing & distribution: women as a proportion of average monthly FTEs: 42.1%, basic wage differential per FTE: 27.9%, total wage differential per ETP: 35.5%. Advisory services: women as a proportion of average monthly FTEs: 54.8%, basic wage differential per ETP: 34.9%, total wage differential per ETP: 43.6%. Risk and finance: women as a proportion of average monthly FTEs: 43.4%, basic wage differential per FTE: 25.0%, total wage differential per ETP: 32.7%. Information systems: women as a proportion of average monthly FTEs: 24.1%, basic wage differential per FTE: 7.7%, total wage differential per ETP: 12.5%. Sales & customer services Client: women as a proportion of average monthly FTEs: 52.4%, basic wage differential per FTE: 20.4%, total wage differential per ETP: 27.4%. Total: women as a proportion of average monthly FTEs: 50.9%, basic wage differential per FTE: 24.0%, total wage differential per ETP: 31.6%.	Caisse d'Epargne segment

2008 – NRE indicators – Human resources section	Scope
Professional relations and collective agreements	
Three collective agreements were signed in 2008: – on March 14, agreement signed relating to the election of staff representatives to the *Conseil de Discipline National* for a three-year term. Elections took place from June 3 to 12, 2008, winning the Group four seats and eight seats as substitute representatives with SU-UNSA, two seats and four substitute seats with SUD, two substitute seats with CFDT, two substitute seats with CGT, one substitute seat with FO and one substitute seat with SNE-CGC. These results established the distribution of seats on the *Commission Paritaire Nationale*, negotiating authority of the Caisse d'Epargne segment;	Caisse d'Epargne segment
– on June 10, the national collective agreement providing for the merger of CGR by the Caisse Générale de Prévoyance was signed in accordance with Article 116 of the law of August 21, 2003 on pension reforms.	
– on October 10, the national collective agreement for the employment of disabled individuals was renewed for a five-year period. As an extension to the first agreement, it marks the ongoing commitment of Caisses d'Epargne in this area.	
Health and safety	
A number of campaigns and initiatives were implemented in 2008, notably: – a flu vaccine campaign and a cholesterol and triglyceride screening campaign; – screening for melanoma and cardiovascular illnesses.	CNCE
First-aid training classes were organized by the French occupational health service to teach employees how to deliver the initial medical emergency procedures. These classes were offered as part of the Company training program.	CNCE
Training	
In total, the Group invested around €110 million in training in 2008, i.e. 5.5% of all overall payroll. 626 employees attended 1,493 man-days of training under the banking production training program. 206 employees were registered for the *Parcours Compétence Professionnelle* scheme. 574 employees trained under the *"professional support"* program. 4,380 CBC (*Compétences Business Client*) e-learning training programs. 301 employees trained in one of the seven modules of the *Branch Director* training program.	Group
Employment and integration of handicapped workers	
Results of the first agreement signed on the employment of disabled individuals for the period 2006 to 2008: 200 disabled employees were recruited (permanent contracts, fixed-term contracts of over six months and work-study placements) and 213 employees were recognized as a disabled worker. The second agreement on the employment of disabled individuals was signed on October 10, 2008, for a five-year period in order to develop the proportion of disabled staff employed by Caisse d'Epargne segment companies. It aims to double the figure for the segment by 2013 to reach a minimum rate of 4.5%.	Caisse d'Epargne segment
Social initiatives	
The social and cultural activities for employees of CNCE and their dependents are managed by the workers' committee. Services include the organization of vacations for employees and children, access to a library (books, DVDs, etc.). The workers' committee also arranges discount tickets for theaters and cinemas, etc.	CNCE
Top Form Ecureuil organized personalized programs in 2008: integration of standard inter-Company restaurant menus as part of a program aiming to reduce cholesterol and help weight-loss, etc.; establishment of physical condition assessments; specific training programs to prevent back pain or avoid weight-gain when giving up smoking, etc.). Group classes are given by a teacher from outside the company.	CNCE
Sub-contracting	
GCE Achats, an economic interest grouping devoted to all Group purchases was created in 2007. With over 40 members and shareholders, GCE Achats wields a purchasing power of €2.5 billion. One of its objectives is to develop a policy for managing supplier relations by introducing structured progress plans which should help to improve the quality of the services provided in line with Group the principles and goals laid out under the *Bénéfices Futur* program. Additionally, all contracts signed by the Group should contain a statement on compliance with the legislation in force, in relation to both the employment conditions (notably Articles L. 143-3, L. 320 and L. 620-3 of the French Labor Code) and contributions made to the various social security organizations.	Group

Caisse d'Epargne segment: 80% of the GCE staff managed.
Human resources department: 90% of the GCE staff managed, including the Caisse d'Epargne segment, Crédit Foncier, Banque Palatine, GCE Assurances and Socfim.

Definitions
- *Absenteeism: total days lost for all types of paid or unpaid leave, excluding vacation, national holidays, discretionary days and rest days.*
- *Caisse d'Epargne segment: all of the Groupe Caisse d'Epargne companies subject to national collective agreements negotiated within the national employment commission. This includes the Caisses d'Epargne, the specialized IT subsidiaries and the joint entities.*
- *Monthly FTEs: average full-time monthly employees, prorated on the basis of the contract FTE rate and the employee's start date and/or departure date.*
- *Total workforce: employees (monthly FTEs) of entities of which Groupe Caisse d'Epargne directly or indirectly holds more than 50%.*
- *Total payroll: all forms of fixed and variable remuneration, excluding profit-sharing and inventice schemes and social charges.*

3.2 Social responsibility information

3.2.1 From public interest to social responsibility

Not simply bankers, but also social housing specialists, promoters of sustainable development and opponents of all forms of social isolation including age, disability, illiteracy and unemployment, the Caisses d'Epargne have been at the forefront of social solidarity since 1818.

- In 1999, this historic commitment was acknowledged by a new law setting out the general interest initiatives falling to the Caisses d'Epargne, which every year dedicate a portion of their income to finance local and social economy projects. The Fédération Nationale des Caisses d'Epargne and the Caisses d'Epargne set out their annual strategy under a joint framework built on shared principles.
- In 2001, the *Fondation Caisses d'Epargne pour la solidarité* (Caisses d'Epargne Foundation for Social Solidarity) was created. Recognized as an entity in the public interest, it contributes to the fight against all forms of dependence and social isolation and ranks among the leading foundations in France today.
- In 2006, the Caisses d'Epargne set up the *Parcours Confiance* association, an experimental program that aims to tackle banking and financial exclusion.
- The French economic and financial modernization law passed in August 2008 confirmed the role of the Caisses d'Epargne in the fight against banking and financial exclusion, withdrawing the requirement to finance local and social economy projects (PELS).
- In 2009, the Caisses d'Epargne are striking a new balance in their commitment to measures taken in their core business. They will dedicate 1% of their net banking income to three types of initiatives:
  - philanthropy, with priority on local initiatives to meet social needs in the areas of solidarity, culture and the environment;
  - financial inclusion by heightening their involvement in favor of individuals and new businesses that are unable to access or master financial services;
  - social and environmental innovation by developing environmental protection, governance and relations with their clients and suppliers.

3.2.2 Local and social economy projects (PELS)

3,041 projects financed in 2008

The Caisses d'Epargne play a role in the fight against different types of exclusion, participating in local and social economy projects (PELS). Every year, the Caisses d'Epargne allocate a specific budget to finance the projects of non-profit organizations, foundations and other social stakeholders working toward greater solidarity. From purchasing refrigerated trucks for food banks to financing sports activities for disabled children, from designing teaching tools on environmental protection to purchasing machinery for social integration projects, PELS cover a vast range of initiatives. Some 3,041 projects worth a total of €58.1 million were financed in 2008, breaking down into three areas: autonomy (46%), employment (34%) and social ties (20%).

Lasting ties with territories

Supporting local and social economy projects goes well beyond financing through subsidies, contributions in kind or capital. It involves a genuine partnership, from arranging the funding hand in hand with Caisse d'Epargne to the project assessment carried out about two years down the road. Directors of local savings companies are stakeholders in this process.

1% of NBI dedicated to solidarity

As part of the *Bénéfices Futur* program, the Caisses d'Epargne have committed to allocating 1% of their net banking income (NBI) to social solidarity initiatives in 2008. This target was actually exceeded as a total of over €58 million was allocated to PELS.

10,000 microloans by the end of 2009

Set up by the Caisses d'Epargne, *Parcours Confiance* associations help individuals and new businesses in difficulty to better understand banking products and services. They also assist with project financing in the form of microloans.

Parcours Confiance provides comprehensive, customized support and follow-up, with an assessment of the customer's situation, a specially-adapted offering, training on budget management by the association Finances & Pédagogie and social support via the social authorities.

To provide this support, *Parcours Confiance* has developed close-knit partnerships with business creation specialists such as *France Active*, *France Initiative*, Adie, *Boutiques de Gestion* or *Fondation de la 2e Chance*, as well as with social assistance and integration organizations like *Secours catholique*, UDAF, *Restos du Cœur*, *Face* or Adecco.

Social microloans are backed by the guarantee of the social cohesion fund. Business microloans can be backed by guarantees managed by *France Active*.

Following an experimental kick-off in 2006, *Parcours Confiance* took off swiftly. By the end of 2008, 16 out of 17 Caisses d'Epargne were operational, 53 advisers had been appointed and 58 French departments were covered.

Since the system was launched, over 4,495 microloans have been approved, including 3,275 personal microloans and 1,220 business microloans. As the leading personal microloans bank, the Caisses d'Epargne are well on their way to reaching the target set by the *Bénéfices Futur* program of 10,000 microloans by the end of 2009.

1,000 environmental protection projects

A nationwide call for projects was made in early 2008 to boost support for environmental PELS. The Caisses d'Epargne made a large contribution to this effort, with resounding success. By the end of 2008, nearly 753 environmental protection projects had received support. Furthermore, the Caisses d'Epargne are ahead of schedule on the *Bénéfices Futur* program target of 1,000 environmental projects by the end of 2009.

Providing financial education

Created in 1957 by the Caisses d'Epargne, the organization *Finances & Pédagogie* provides training on the issues of money and budget management. Its purpose is to provide advice that encourages financial autonomy.

Through partnerships with more than 1,300 local structures involved in social integration, non-profit organizations, education establishments, companies and local authorities, *Finances & Pédagogie* teaches people about managing their finances and banking and avoiding excessive debt. It works with vulnerable people, employees, retirees, school children and social support networks. In 2008, *Finances & Pédagogie* trained nearly 1,400 voluntary and permanent staff members of *Secours catholique* and developed a budget-training project designed to help former prison inmates find jobs.

3.2.3 The Caisses d'Epargne Foundation for Social Solidarity

Set up in 2001, the Caisses d'Epargne Foundation for Social Solidarity contributes to the fight against all forms of dependence and social isolation caused by old age, illness, disability or illiteracy. The Foundation combines solidarity and efficiency, humanity and modernity in its daily pursuit of this commitment. It has seen spectacular development over the past seven years.

The largest foundation recognized as an entity in the public interest in terms of the number of employees, which now stands at 4,200, the Caisses d'Epargne Foundation for Social Solidarity acts in three ways:

- in its capacity as a non-profit organization, it develops and manages the largest network of homes for the elderly with 89 homes and services representing 5,800 places in facilities and 6,300 subscribers to remote assistance and in-home care services;
- it is directly involved in the fight against illiteracy, offering assistance to young people in difficulty through 19 centers opened since 2003;
- it selected and financed 51 innovative projects in 2008 in favor of personal autonomy and of the fight against social exclusion.

The Foundation also hosts 10 other foundations, set up by the Caisses d'Epargne to provide responses to the specific needs of their regions.

Dependent people: growing care capacity

In this segment where the needs are so great, the Foundation managed 89 establishments and services, including 78 homes for dependent seniors with capacity for close to 5,800 people, seven establishments for the disabled, four healthcare establishments which received nearly 11,500 patients in 2008. It also managed five home support services and approximately 6,300 telephone support line subscribers, mainly in rural areas.

Twenty residences offer specific care to Alzheimer's sufferers, and 13 run outpatient care centers.

Capacity was increased in about 10 residences in 2008, and 2009 began with eight new establishments, one reconstruction and 10 restructuring projects.

Fighting illiteracy

With the support of the Caisses d'Epargne, more than 1,500 young people have been assisted and monitored since 2003, and the 19 *Savoirs pour réussir* centers opened by the Foundation over the past five years currently handle 750 young people. The Foundation identifies young people needing help with reading and writing through awareness-raising days and local anti-illiteracy drives.

Reclaim reading, writing and math, rediscover the love of learning and understand its use, regain self-confidence in order to define a professional plan: these are the steps offered in this program. They are assisted by tutors trained by the Foundation who have chosen to dedicate their time, energy and conviction to passing on their love of learning.

Autonomy and innovation

Among the many projects supported in 2008, three innovative projects in particular illustrate the Foundation's approach to encouraging autonomy:

- the "sponge-bath" allows for extremely elderly, fragile individuals to be bathed without upsetting them or injuring their pride. The Foundation supported the assessment of this technique in order to extend it to other residences;
- the Foundation supported the testing of the *Websourd* system, which is used to help the hearing-impaired communicate by use of the internet and a webcam and the simultaneous translation into sign language by a certified translator. *Websourd* will be rolled out at the national level and will be adapted to cell phones in 2010;
- the Foundation patented a watch that simplifies life for Alzheimer's sufferers and their families by helping those who wear it locate where they are in time and space. This watch won first prize in the competition organized by the *Cité du Design* in Saint-Etienne in 2008.

3.2.4 Sponsorship and patronage

Sponsorship: supporting accessible and popular sports

Since 2003, Groupe Caisse d'Epargne has been the official sponsor of the French Soccer Cup and also supports the best regional amateur clubs that take part in the competition with the *Tableaux d'Honneur Caisse d'Epargne*. 32 million TV viewers watched the 2007-2008 French Soccer Cup. A total of 7,246 clubs are registered for the 2008-2009 season, up from 6,734 last year.

Since 2005, the Group has supported the Caisse d'Epargne cycling team, which won three stages of the *Tour de France* and held the yellow jersey for two days. The clients and partners of 11 regional Caisses d'Epargne were able to benefit from the public relations network set up for the event.

In 2008, the Caisse d'Epargne marked its tenth year as official partner of the French Athletics Federation (FFA) and the French national athletics team. Founding partner and sponsor of the *Destination Athlé 2012* program, it helped discover young talents like Mahiedine Mekhissi-Benabbad, silver medal winner in the Beijing Olympics.

Caisse d'Epargne is also keen on encouraging track and field activities among the population as a whole, and is one of the foremost partners of running events organized throughout France, supporting some 300 races including the Paris and Médoc marathons, and the Marseilles-Cassis classic.

Patronage: long-haul commitment

A bank for young people, Caisse d'Epargne has been the main corporate sponsor of the comic book industry for the past 25 years. The historical partner of the International comic book festival in Angoulême, the largest of its kind in the world, the Group supports the *Prix des Libraires de Bande Dessinée* (publishers' comic book award), organizes the Comic Books in Schools competition and is also committed to supporting numerous regional comic book festivals.

In 2008, the Group created *mundo-bd.fr*, an interactive website covering all comic book news, and struck a partnership with the leading French event dedicated to mangas, *Japan Expo,* which attracted 130,000 visitors.

For 29 years, the Group has been the only patron of the *Belem*, the sole survivor of the French fleet of 19th century long-haul cargo ships. Now a sail training ship, the *Belem* welcomes hundreds of novice seamen aboard each year and participates in numerous events. It set sail for Quebec in 2008 to celebrate the quadricentenary of Quebec City's founding, as the French flag carrier.

3.3 Finance, sustainable development and the environment

3.3.1 Finance and sustainable development: a key focus today

Until recently, the banking, insurance and finance sector in general, did really not see itself as concerned by sustainable development. The general public saw finance as a service sector with little or no environmental impact. Since then, however, people have become increasingly concerned about protecting the environment and ensuring more balanced human development [(1)], prompting banks and insurance companies to review their responsibilities and influence. In 2005, ORSE [(2)], the French study center for corporate social responsibility, published a guide to situate the various sustainable development challenges facing the finance sector and the significant duties it must assume in this regard. In 2006, Nicholas Stern, former Senior Vice-President of the World Bank, published a review on the economy of climate change. Its main conclusions state that if the world does not allocate at least 1% of its income to reducing greenhouse gas emissions every year between now and 2050, the global economy could lose between 5% and 20% of its GDP. In 2007, the NGOs BankTrack [(3)] and *Les Amis de la Terre* [(4)] published a report on banks' climate and energy policies entitled "French Banks, Fossil Banks." This report recommended that banks implement a broad range of policies for fighting climate change. In 2008, *Les Amis de la Terre* published a new report: "French Insurance, Guaranteed Climate Changes"?

In October 2008, the Grenelle 1 law on the environment was passed. The law foreshadows a significant increase in renewable energies, lower energy consumption by buildings, reduction of greenhouse gas emissions in transport, improvement in communication to the consumer on the environmental cost of goods and services, full renovation of 400,000 housing units per year as of 2013, the renovation of all subsidized housing, agreements with the banking and insurance sector to develop the financing of energy-saving investments, incentive from the insurance sector to develop a product offering aimed at facilitating and guaranteeing the proper results of energy-saving renovation projects for residential buildings, creation of eco-districts, renewal of transport equipment, incentive to implement Company commuter systems, creation of a support fund for renewable heat development, etc.

Banks play or can play a major role in implementing these measures.

In December 2008, the Paris-Europlace Forum, the organization which promotes Paris as a financial market, bringing together the multiplicity of players in the financial industry and organizes its annual Forum on *Strengthening the Contribution of Finance to Sustainable Development: Long-Term Challenges, Proposals for Europe*. This Forum, co-chaired by Nicolas Sarkozy, President of the French Republic, and José Manuel Barroso, President of the European Commission, seeks to offer new proposals for action at the European level.

(1) *According to a telephone survey taken by LH2 for* Comité 21 *on February 13 and 14, 2009, 81% of the French population stated that they were just as or even more concerned about environmental risks than risks linked to the financial crisis.*

(2) *Orse:* Observatoire sur la responsabilité sociétale des entreprises, *a grouping of around 100 companies and organizations committed to social and economic development. Groupe Caisse d'Epargne is a member of this center, participating mainly in its finance club.*

(3) *BankTrack is a network of NGOs and individuals tracking the private finance sector (commercial banks, investors, insurance companies, pension funds, etc.) and the impact of its actions on the planet.*

(4) Les Amis de la Terre: *NGO for the defense of human rights and the environment.*

3.3.2 Groupe Caisse d'Epargne's sustainable development approach

As early as 2003, Groupe Caisse d'Epargne was committed to a sustainable development policy and, in 2003, signed the United Nations Global Compact. Sustainable development managers were appointed in each Caisse d'Epargne and each Group subsidiary. Each entity defined its action plan based on the results of the audit conducted by the extra-financial rating agency Vigeo at the end of 2003. The partnership with the WWF was also launched in 2003, bringing the Group the necessary support on the environmental aspect of its policy. The CNCE's sustainable development and public interest department, which became a division in 2006, has been coordinating the approach since it was first launched, and monitors it using special database software that can be accessed by all the sustainable development managers. In the first few years, the Group's sustainable development report was dedicated to providing specific information on its policy. Since 2007, it has been integrated into the general reports, annual management report and registration document. The website *www.groupe.caisse-epargne.com* presents the approach and its news on the page "A Committed Group" where the different reports can be viewed.

In 2007, the innovative *Bénéfices Futur* program was launched by Groupe Caisse d'Epargne, focusing on offering creative solutions to the sustainable development approach already in place, bringing it to new heights in line with the stakes attached.

3.3.3 Groupe Caisse d'Epargne's commitments

United Nations Global Compact

Groupe Caisse d'Epargne signed a commitment to apply the ten Global Compact principles in 2003. Every year, the Group renews this commitment by informing the Global Compact website, *www.unglobalcompact.org*, of its progress in terms of human rights, labor standards, the environment and anti-corruption.

Three principles concern the environment:

- principle 7: businesses should support a precautionary approach to environmental challenges;
- principle 8: undertake initiatives to promote greater environmental responsibility;
- principle 9: encourage the development and diffusion of environmentally friendly technologies.

Ecological Pact

In 2007, Groupe Caisse d'Epargne signed media personality and ecologist Nicolas Hulot's Ecological Pact. As a company, bank, and socially-committed player, Groupe Caisse d'Epargne remains true to its values in support of sustainable development.

The *Bénéfices Futur* program

Bénéfices Futur, the program outlining Groupe Caisse d'Epargne's sustainable development commitments, was set up in 2007. It covers four major areas: promoting responsible marketing, participating in anti-climate change measures, fostering socially responsible investment and modernizing its role as a socially responsible banker.

Socially responsible company charter of the European Savings Banks Group (ESBG)

In signing this charter, the members of the ESBG made a commitment to maintaining clear and fair relations with customers, promoting access to banking and financial integration, developing environmentally-friendly practices, making a responsible contribution to the local community, acting as responsible employers and ensuring transparent communication.

In May 2008, ESBG members signed an additional resolution to this charter aimed at ensuring greater consideration for the environment in the savings and retail banking sector.

3.3.4 Groupe Caisse d'Epargne and its partners

WWF

Every year since 2003, the Groupe Caisse d'Epargne has renewed its partnership with the WWF. They collaborated on the following projects in 2008:

- implementation of measures to reduce its direct impact on the environment, based on four targets:
  - reduce greenhouse gas emissions,
  - improve the environmental quality of branches and head offices,
  - apply the sustainability principle to the consumption of paper,
  - optimize waste management;
- improvement of indirect impacts on top of the *Bénéfices Futur* program:
  - Livret A *Kipouss* savings accounts: every time a Livret A savings account is opened for a child from 0 to 12 months of age, Caisse d'Epargne donates €1 to WWF France to protect the Mediterranean forest,
  - the *Crédit Ecureuil Crédit Développement Durable* (personal sustainable development loan) to foster home improvements that will help save energy,
  - photovoltaic loan to encourage the use of renewable energies,
  - under the *S'Miles* customer loyalty program, customers can donate their *S'Miles* points to the WWF: the funds raised are used to complete WWF initiatives concerning long-term water access in the Niger basin.

ADEME, the French Environment and Energy Management Agency

In 2006, a three-year agreement was signed with ADEME as part of the *Planète Gagnante* program. A partnership chart set out the terms for approving *Ecureuil Crédit Développement Durable* loans.

Memberships with different organizations

Being a member of Orse, CSR Europe [(1)], Comité 21 [(2)], Comité de la Décennie [(3)], Finansol [(4)] and Avise [(5)] enables Groupe Caisse d'Epargne to share ideas and experience on corporate social responsibility.

3.3.5 *Bénéfices Futur* program: achievements in 2008

Promote responsible marketing

Sustainable development label for products and services

The sustainable development label for banking and finance products was designed around three criteria: security, responsibility and climate. A methodology was developed in 2008 based on the work of banking (Groupe Caisse d'Epargne) and sustainable development (Utopies) specialists, in collaboration with the representatives of a panel of stakeholders and "critical" experts from independent organizations (ADEME – French Environment and Energy Management Agency, *Les Amis de la Terre, Testé pour Vous* and WWF).

As of May 2008, the most popular savings products were all presented with their label on the customer website *www.caisse-epargne.fr* and in the brochures available in branches.

(1) *CSR Europe is the leading European business network for corporate social responsibility.*
(2) Comité 21 *is a French environment and development committee created in 1995 to promote Agenda 21, a plan of action for the 21st century, ratified at the Earth Summit in Rio de Janeiro.*
(3) *The French Committee of the Decade defines the major strategies on sustainable development education.*
(4) Finansol *is the professional organization founded in 1995 that brings together solidarity finance organizations in France (social and solidarity finance systems).*
(5) *Avise: Agency for the promotion of socio-economic initiatives.*

The methodology was made public so that the criteria used would be clear for everyone. It is available on the website *www.beneficesfutur.fr*.

For savings products:

- "security" informs customers of the level of protection offered for their capital: capital guarantee, pre-defined return;
- "responsibility" informs customers about how social and environmental criteria are applied in the design of the product. The responsibility rating essentially concerns how the bank uses the funds and is based on:
  - asset class: does the investment benefit entities that usually encounter funding difficulties?
  - sector: does the investment focus on environmentally-friendly and socially responsible business sectors?
  - application of an extra-financial filter: how are non-financial criteria taken into account by the fund manager in selecting investments (governments, local communities, companies)?
  - governance and voting policy on CSR topics: how is the voting policy used by the fund manager to push for corporate social responsibility (CSR).

  Other factors also play a part in the "responsibility" rating: customer relations tools (e.g. process based on environmental criteria), accessibility, (e.g. documents adapted for disabled individuals), social solidarity (e.g. how a portion of the interest is donated to public interest projects).
- "Climate" informs customers about the annual volume of greenhouse gas emissions (CO_2, methane, etc.) of companies, governments or business sectors that it finances. The types of emissions linked to the product include:
  - bank emissions: lighting and heating of offices and branches, transport required for business, production of paper purchased, etc.;
  - emissions of the activities financed by customer's savings (companies, government debt, etc), which represent the major portion. The list of companies and governments financed by the investment and their respective emissions is examined.

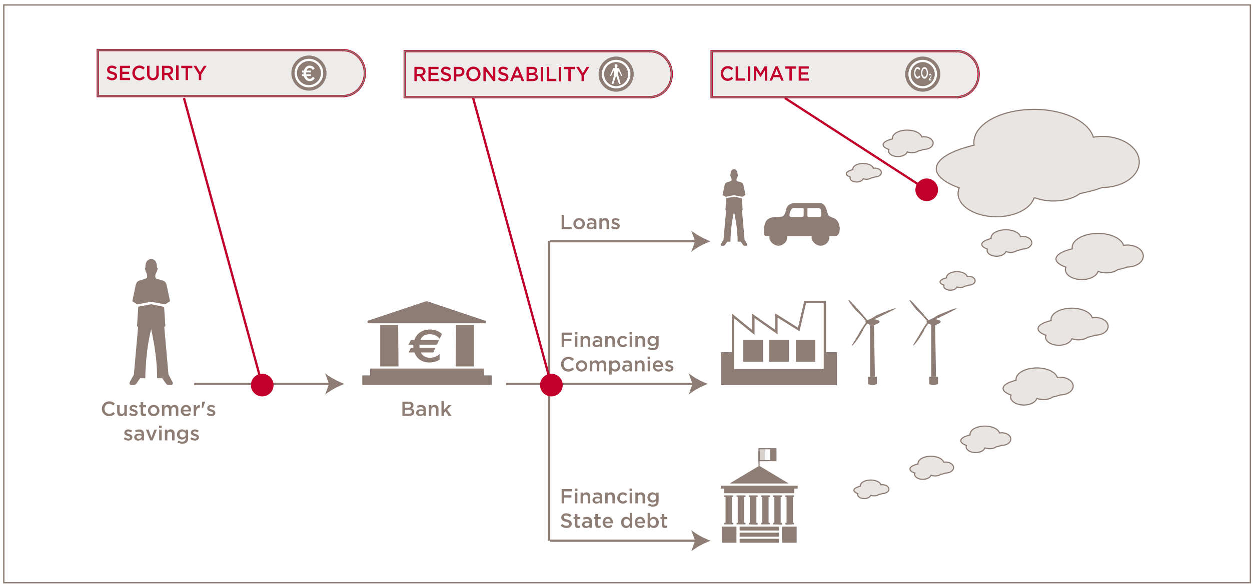


Table of labeled products at December 31, 2008

Product name	Security	Responsibility	Climate
Ricochet	5	**4**	4
Nuances 3D (1)	2=>5	2=>5	2=>4
Nuances Grenadine (1)	2=>5	2=>5	2=>4
Plan Epargne Retraite Populaire Caisse d'Epargne (PERP) (1)	2=>5	2=>5	2=>4
Aïkido (1)	2=>5	2=>5	2=>4
Yoga	5	**4**	4
Ecureuil Bénéfices Emploi	2	**5**	2
Ecureuil Bénéfices Responsable	2	**5**	2
Ecureuil Bénéfices Environnement	2	**5**	3
Bourse Esprit Ecureuil (BEE) (1)	2=>3	2=>3	2=>4
Plan Epargne Logement Caisse d'Epargne (PEL)	5	3	4
Quadreto	5	3	4
Livret de développement durable (LDD)	5	**4**	4
Livret Jeune	5	3	4
Livret d'Epargne Populaire Caisse d'Epargne (LEP)	5	**4**	4
Livret B	5	3	4
Livret A	5	**4**	4
Initiatives +	5	**4**	4
Ecureuil Investissements	2	3	2
Ecureuil Trésorerie	3	2	4
Ecureuil Trésorerie PEA (Ecureuil Refuge PEA)	3	2	2
Ecureuil Actions européennes	2	3	2
Ecureuil Actions France	2	3	2
Ecureuil Obli Moyen Terme	3	2	3
Ecureuil Moné Court Terme	3	2	4
Ecureuil Obli Capi (Ecureuil Capitalisation)	3	2	3
Ecureuil Obli Revenus (Ecureuil Trimestriel)	3	2	3
Ecureuil Equilibre	3	2	3
Ecureuil Vitalité	2	3	2
Ecureuil Dynamique (Ecureuil Energie)	2	2	2
Ecureuil Dynamique +	2	2	2

(1) These products represent a range of different products from which the customer can choose.

The responsible marketing charter

Another way the Group promotes responsible marketing is through a charter, drawn up with the help of Caisse d'Epargne representatives, under which Groupe Caisse d'Epargne will be committed, as soon as it will be published, to improving customer service, adapting proposals and advice to customers' needs, providing information on the risk of different products, clarifying the pricing structure, communicating clearly, promoting socially responsible products and services, acting to protect the environment and fighting against exclusion with offers that can be accessed by the most disadvantaged people, and providing access to offices and services for the disabled.

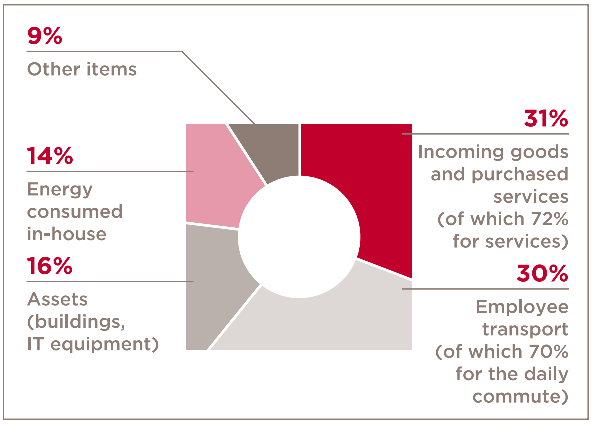
Participate in anti-climate change measures

Reduction of CO_2 emissions

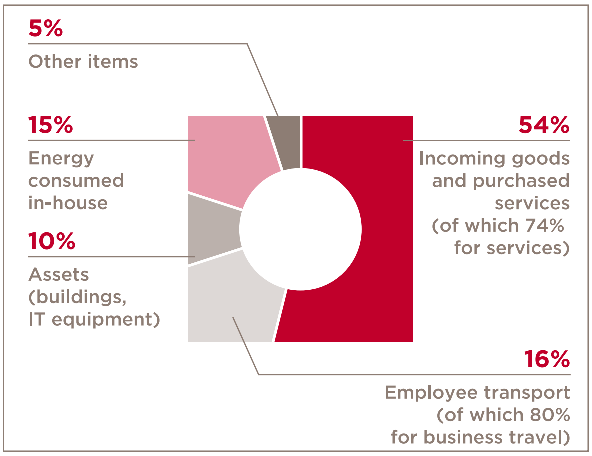
To contribute to the anti-climate change movement, several Group sustainable development managers came together to work on the Groupe Caisse d'Epargne project to reduce its CO_2 emissions by 3%.

The results of the *Bilan Carbone™* (carbon audit) of the Caisses d'Epargne segment, estimated on the basis of the *Bilans Carbone™* carried out on September 1, 2007 in five Caisses d'Epargne and the Caisse Nationale des Caisses d'Epargne, were presented to employees in April 2008. The related documents are available on the Group's Intranet. The results are different for the Caisses d'Epargne and the CNCE.

Breakdown of CO_2 emissions of Caisses d'Epargne



Breakdown of CO_2 emissions of the CNCE



Based on these results, the efforts to reduce the CO_2 emissions of the Caisses d'Epargne need to focus on the services purchased, employee commutes, length of use of IT hardware and energy consumption.

The efforts to reduce CO_2 emissions of the CNCE need to focus on the services purchased, business travel, energy consumption and length of use of IT hardware.

A plan to reduce the Group's direct CO_2 emissions was thus finalized with a methodology and monitoring tools for its management and gradual rollout.

At the same time, further *Bilans Carbone™* were carried out at Caisses d'Epargne and subsidiaries: in the first half of 2009, 15 of the 17 Caisses d'Epargne and three subsidiaries, Crédit Foncier, Banque Palatine and Financière Océor, will have carried out their own analysis. As such, these companies will be able to participate actively in reducing greenhouse gas emissions by 3% nationwide every year.

3

The nationwide reduction plan is based on several measures:

- reducing in-house energy consumption, based on regulatory requirements and notably the laws and decrees resulting from the Grenelle Environnement (environment round table), knowledge of consumption in branches (a branch consumption analysis module is available to Caisses d'Epargne) and head offices, and the use of renewable energies;
- optimizing employee transport with the development of company-wide commuter plans, the implementation of a carpooling system, the CO_2 reduction of vehicle fleets;
- rationalizing paper use by decreasing consumption, recycling the paper consumed, purchasing recycled or certified paper;
- reducing greenhouse gas emissions through services purchased by encouraging suppliers to participate in the target to reduce emissions by 3%;
- environmental management of assets by standardizing the use of the RPSV3 branch model and application of the eco-construction charter and extending the service life of IT hardware.

The environmental management system, similar to ISO 14001 systems, was implemented on a test basis in 2008. The rollout has begun, notably to monitor the nationwide plan to reduce greenhouse gas emissions. A nationwide standardized system is currently being finalized that will take into account the *Bilan Carbone™* carried out at Caisses d'Epargne and subsidiaries and the 3D database.

Raise customer awareness, offer solutions

As part of its measures aimed at fighting climate change, Groupe Caisse d'Epargne is also committed to raising customer awareness of their carbon footprint by offering solutions such as the financing of equipment with a lower carbon footprint (renewable energies, thermal insulation, "clean" vehicles, etc.). This is already underway with the development of the *Ecureuil Crédit Développement Durable* loan or the loan for solar energy equipment (*Concepto DD* or *Crédit Energie Ecureuil* at the Caisses d'Epargne or *Prêt Liberté Photovoltaïque* at Crédit Foncier) as well as the Livret A *Kipouss*.

Carbon audit extended to all products and services

Lastly, Groupe Caisse d'Epargne is committed to carrying out a carbon audit extended to all of its financial products and services designed for individual customers. This measure will be applied in the near future, as soon as all products, including loans and insurance, have been labeled.

Promote socially responsible investment

Creation of the *Les Ethiques* range

Socially responsible investment (SRI) integrates extra-financial criteria – social, environmental and/or ethical, i.e. the criteria taken into account in a sustainable development policy – into the traditional asset management approach. Caisse d'Epargne decided to promote this type of investment through the *Bénéfices Futur* program. Already a pioneer in SRI with the *Insertion Emplois* fund set up in 1994 and the *Ecureuil 1, 2, 3... Futur* fund created in 1999, Caisse d'Epargne built a new range in 2008 around three SRI products:

- *Ecureuil Bénéfices Responsable* (formerly *Ecureuil 1, 2, 3... Futur)* invests in companies selected based on their integration of social responsibility criteria, environmental protection measures and the quality of their customer, supplier and shareholder relations. It is rated 2 for "security" and "climate" and 5 for "responsibility" (1);
- *Ecureuil Bénéfices Emploi* (feeder fund of *Insertion Emplois*) invests in listed companies that foster employment and social integration. A portion of the fund (5% to 10%) is invested in socially responsible structures that create jobs for highly disadvantaged individuals. It is rated 2 for "security," 2 for "climate" and 5 for "responsibility";
- *Ecureuil Bénéfices Environnement* (feeder fund of *Natixis H_2O*) invests in companies whose business fully or partially concerns environmental services, services to local communities, energy efficiency or improvement in quality of life. It is rated 2 for "security," 3 for "climate" and 5 for "responsibility".

The products of the *Ecureuil Bénéfices* range, marketed under the name *Les Ethiques*, are available since 2008 as part of the Caisses d'Epargne's flagship offers *Les Sélectionnés*, the *SRI satellite* offer, *Nuances 3D* contracts and the new contract aimed at seniors, *Aïkido*.

(1) As for all other savings products, SRI funds have been labeled and were assigned the maximum score for "responsibility." As they are equity funds, however, the "security" and "climate" scores remain low. The fund invests in some companies with high greenhouse gas emissions.

Update its role as a socially responsible banker

Finance 1,000 environmental projects by the end of 2009

On April 1, 2008, at the beginning of Sustainable Development Week, a nationwide call for projects was launched: "1,000 projects for the environment." In addition to their local and social dimensions, the projects had to meet environmental criteria. The following activities could be financed:

- environmental awareness and education;
- waste sorting, recycling and recovery;
- rehabilitation and preservation of natural sites and wildlife;
- setting up of educational gardens;
- development of organic vegetable gardens;
- distribution of organic "solidarity" products;
- energy performance of buildings, compliance with environmental standards.

Under this initiative, 753 environmental protection projects were financed between the launch of *Bénéfices Futur* and end-2008.

Grant 10,000 microloans by the end of 2009

The *Parcours Confiance* financial support system was created in 2005 for individuals in difficulty as well as for newmicro businesses. The target of *Bénéfices Futur* is to expand the portfolio to 10,000 microloans by the end of 2009.

A total of 4,495 microloans were approved between the launch of *Bénéfices Futur* and end-2008.

Allocate 1% of net banking income to solidarity (as of 2008)

In 2008, and notably thanks to the financing of PELS, local and social economy projects, more than 1% of the Caisses d'Epargne's consolidated net banking income was allocated to solidarity.

Despite the financial crisis and the August 4, 2008 economic modernization law, which deregulated the distribution of the Livret A savings account, the Caisses d'Epargne decided to continue allocating 1% of their net banking income to social causes.

Rollout of the *Bénéfices Futur* program

The role of *Bénéfices Futur* managers was to inform all employees about the Caisse d'Epargne sustainable development program before extending it to all Group stakeholders. Appointed within each Caisse d'Epargne by the Chairman of the Management Board, the *Bénéfices Futur* managers presented the program to all Management Board members. Steering committees, comprised of the managers of the divisions involved (marketing, sales, communication, training, public interest, real estate, and general resources) and generally chaired by the Chairman or a Member of the Management Board, met two to four times in 2008. *Bénéfices Futur* was then presented to Directors, who in turn informed their respective teams.

The *Bénéfices Futur* program was the subject of a number of Articles in publications by the Group, Caisses d'Epargne and subsidiaries addressed to employees, cooperative shareholders and customers.

Two slots were dedicated to *Bénéfices Futur* during the weekly staff training hour at branches so that they could, if necessary, answer customers' questions. Since last April, educational software on the program has also been available to all employees on the Group's Intranet. Over 4,000 employees took this training program in 2008.

A brochure was published in order to present *Bénéfices Futur* at all external events in which the Group participated. A three-part insert listing the Group's sustainable development products was included in the brochure. Aimed at customers, but also open to the general public, a collaborative website, *www.beneficesfutur.fr* went live, attracting over 60,000 visits and more than 4,000 contributions.

3.3.6 Results of the Corporate Social Responsibility (CSR) audit of the Caisses d'Epargne network

At the end of 2007, four years after its initial audit, Groupe Caisse d'Epargne asked Vigeo to assess the social responsibility policy of the Caisses d'Epargne network (excluding subsidiaries) in the six fields of corporate social responsibility: human resources, human rights, market behavior, environment, social commitment and corporate governance. Vigeo analyzed the existing in-house documentation on targets under review, interviewed individuals at the CNCE, FNCE and a sample of four Caisses d'Epargne (Bourgogne Franche-Comté, Picardie, Midi-Pyrénées and Provence-Alpes-Corse), as well as representatives of internal and external stakeholders. The period under review covered 2006-2007. The audit took place from October 2007 to February 2008. For each of the analysis criteria, the three components of the managerial system are assessed, namely policies (strategy set by Group management), rollout of policy (process and related resources) and the results obtained.

Grade and trend by field (or area)

Human Rights	2	↗
Human Resources	3	↗
Environment	2+	↗
Market Behavior	3	→
Social Commitment	3+	↗
Corporate Governance	3+	↗

- **The assessment focused on median levels.**
- **No area was assessed at level 1 which means that CNCE and the Caisses d'Epargne take into consideration the full range of corporate social responsibility issues.**
- **Trends are positive in five of the six areas under review which demonstrates consistent progress.**

All results are available on the Group website on the page "A Committed Group/sustainable development/social and environmental rating".

As regards the environment, Vigeo assessed a commitment already underway, assigning it an overall rating of 2 on an upward trend.

"The audit confirmed some strong points: a clear commitment to fighting global warming, an internal structure that facilitates the dissemination of sound environmental practice among Group entities, an environmental reporting tool used by all Group entities and an EMS in the process of being drawn up".

"But weak points persist as well: the non-integration of ESG (Environment, Social, Governance) criteria in proprietary trading, the lack of a formal waste management policy, an inadequate policy on business travel, sustainable development managers who are only partially trained in environmental matters and varying levels of support from Group departments."

3.3.7 Groupe Caisse d'Epargne's sustainable development products and services

The Group Product Approval Committee

The internal procedure for approving new products and services, implemented in April 2005, has tightened approval criteria in the design and processing of the new products and services offered to Group customers, which are all subject to review by the Group Product Approval Committee. The committee paid close attention to compliance with sustainable development criteria in reviewing these products and services.

Various departments of the Caisse Nationale des Caisses d'Epargne (CNCE) are represented on the Group Product Approval Committee: legal, finance, risk, management control, regulation-accounting, IT and banking production, strategic and quality systems analysis, training, sustainable development and public interest. The Committee is chaired by the CNCE's head of Group compliance and security.

The departments concerned by the product or service under review report to the committee. Each department checks that the product or service in question meets its requirements. The Group Product Approval Committee issues a detailed opinion that is used as a basis for the final approval decision made by the Management Board. This Group-wide standard procedure applies to the Caisses d'Epargne network and subsidiaries and actively contributes to the Groupe Caisse d'Epargne's social responsibility policy.

The Group Product Approval Committee has taken into account the rating system since 2008.

Groupe Caisse d'Epargne's sustainable development products and services

Though certain products and services offered by Groupe Caisse d'Epargne were designed with the specific idea of promoting sustainable development, others have a high responsibility rating (4 or 5), according to the *Bénéfices Futur* label system. This is determined by the very purpose of the financing, based on the product's intrinsic features or the use of a selection filter.

Retail Banking

Savings accounts

Livret A savings account

The Livret A savings account is the perfect example of a widespread, accessible savings product. Until the end of 2008, all of the funds collected under the Livret A savings account were centralized by Caisse des Dépôts. With these funds, Caisse des Dépôts finances not only social housing but also public interest initiatives such as urban development policies or the security of collective infrastructures.

Livret A savings account ratings:

- security (5): the capital is guaranteed and interest paid every year. A minimum interest rate is announced at the beginning of every year;
- responsibility (4): the funds collected are for the most part reinvested in social housing and governmental public interest policies;
- climate (4): half of the funds collected are used to finance social housing, a sector with low greenhouse gas emissions thanks to the progress made in terms of energy savings in construction, and the other half is invested in sovereign bonds with low greenhouse gas emissions.

At the end of 2008, total deposits in Livret A savings accounts opened in the Caisses d'Epargne network amounted to €80 billion.

Livret A *Kipouss* accounts

Every time a Livret A savings account was opened for a child from 0 to 12 months of age, Caisse d'Epargne donated €1 to WWF France to protect the Mediterranean forest.

In 2008, over 96,382 Livret A *Kipouss* accounts were opened, and the same number of euros will be donated to WWF France.

Livret Développement Durable

Savings deposited in a *Livret Développement Durable* (LDD) or sustainable development savings account is mainly invested in loans to SMEs. Formerly known as CODEVI, the LDD finances local economic development. At least 2% of the funds are also allocated to personal loans to finance energy-saving renovation projects in existing buildings.

Livret Développement Durable ratings:

- security (5): the LDD enjoys maximal financial security. All of the funds deposited are available at any time. The interest rate is set by the public authorities and is the same as the Livret A savings account rate;
- responsibility (4): the funds collected are primarily invested in loans to SMEs. As such, it finances local economic development. A small portion of the capital (at least 2%) is also used in the form of loans to individuals who want to finance energy-saving renovation projects;
- climate (4): the capital deposited in an LDD is mainly invested in SMEs. Their impact on the climate is limited even though the companies, by their nature, emit more greenhouse gases than, for example, individuals.

At the end of 2008, total deposits in *Livret Développement Durable* savings accounts amounted to over €8 billion.

Livret d'Epargne Populaire

Designed for low-income individuals, 15% of *Livret d'Epargne Populaire* (LEP) deposits are reinvested by Caisse d'Epargne in the form of loans, equities and bonds. The rest of the capital is used by Caisse des Dépôts to finance social housing projects (43%) is invested in money markets and, to a lesser extent, in loans to SMEs in the form of shares.

Livret d'Epargne Populaire ratings:

- security (5): the LEP enjoys maximal financial security. All of the funds deposited are available at any time. Interest is set by the public authorities;
- responsibility (4): most of the funds go toward social housing;
- climate (4): the money is invested in businesses with low greenhouse gas emissions, notably through loans to individuals or real estate loans. Though housing represents a major portion of a country's emissions, its market value is even greater. When housing emissions are divided by its value, its impact is relatively low.

Total deposits in *Livrets d'Epargne Populaire* savings accounts amounted to over €17 billion at the end of 2008.

Life insurance

Ricochet, Initiatives Plus and Yoga

Ricochet, Initiatives Plus and *Yoga* are three life insurance products offered by the Caisses d'Epargne network. Managed by CNP Assurances, their capital is primarily put into government or large corporate bonds, with the remainder invested in large corporations.

Ricochet, Initiatives Plus and *Yoga* ratings:

- security (5): the investor's capital is guaranteed and interest is paid once a year. A minimum interest rate is announced at the beginning of every year;
- responsibility (4): though investments are above all based on financial yield criteria, CNP Assurances also integrates extra-financial criteria into the selection of companies in the equity fund (criteria relating to governance, human resources and the environment) and of governments in the bond fund (non-democratic governments are excluded);
- climate (4): the money of these life insurance products is mainly invested in bonds and business sectors with low greenhouse gas emissions.

Other life insurance policies allow the investor to use a number of vehicles with different characteristics and therefore make balanced choices as some products have a higher rating for security or for responsibility. It should be noted that the SRI products in the *Les Ethiques* range presented below are available in the *Aïkido (Ecureuil Bénéfices Environnement), Nuances 3D, Nuances Grenadine* and *Plan d'Epargne Retraite Populaire (Ecureuil Bénéfices Responsable* and *Ecureuil Bénéfices Environnement*) life insurance policies.

The new Socially responsible investment (SRI) range *Les Ethiques* (see page 118)

The *Les Ethiques* range includes three SRI mutual funds offered by the Caisses d'Epargne: *Ecureuil Bénéfices Responsable, Ecureuil Bénéfices Emploi*, *Ecureuil Bénéfices Environnement.*

The total amount invested in SRI funds held by Caisses d'Epargne customers (three funds in the *Les Ethiques* range plus the portion held by Caisse d'Epargne customers of the *Insertion Emplois* fund) amounted to nearly €390 million at the end of 2008, i.e. 1.17% of the total invested in mutual funds offered across the network.

At the end of 2008, the total amount of the funds labeled "responsible", i.e. a rating of 4 or 5 for the responsibility criterion, totaled €105 billion, or 36% of total savings deposited in Caisses d'Epargne.

"Green" loans

Ecureuil Crédit Développement Durable

The *Ecureuil Crédit Développement Durable* (ECDD) loan, created by the Caisses d'Epargne in conjunction with ADEME and WWF France, is available for energy efficient home improvements or for the purchase of clean or low-emission vehicles.

(Maximum loan amount: €21,500; maximum period: 120 months, no set-up fees apply.)

The *Livret Développement Durable* fund is notably used to finance ECDD home improvements.

In 2008, a total of €105.7 million was granted in the form of ECDD loans for energy efficient home improvements and over €50 million for clean or low-emission vehicles.

"Solar energy" loans

Financing solutions and assistance are provided for owners of existing homes wishing to install clean and renewable energy systems. Since 2007, the *Concepto DD* loan is offered by the Caisse d'Epargne Provence-Alpes-Corse (total of €3.2 million in outstanding loans at 12/31/2008). Supported by WWF France, this product is now offered to customers under this name as well as others by several Caisses d'Epargne: Languedoc-Roussillon (outstanding at 12/31/2008: €1.4 million), Aquitaine Poitou-Charentes, Rhône Alpes, Côte d'Azur. As such, they have entered into a partnering arrangement with *Solaire Direct*, a company that sells and installs photovoltaic solar panels.

Other solar energy financing offers are currently being developed. In 2008, a nationwide partnership agreement was signed with EDF ENR for the same type of product.

Microloans with *Parcours Confiance*

The *Parcours Confiance* program has been developed for individuals in financial difficulty and is used to combine a specially adapted offering with educational and social support over a period ranging from a few months to two years. It helps these individuals get back on their feet following a life-changing event (unemployment, divorce, etc.) and facilitates access to employment and housing thanking to its customized offering.

The *Parcours Confiance* "pro" program is designed for unemployed individuals who receive minimum welfare benefits and more generally to low-income individuals who would like to start up their own business with the held of a support system.

At the end of 2008, the *Parcours Confiance* program had been rolled out in 16 Caisses d'Epargne. The following loans were approved under the *Parcours Confiance* program:

- 2,737 social microloans;
- 1,220 business microloans;
- 538 other microloans.

A total of 4,495 microloans were granted out of the 10,000 projected by the end of 2009 through *Bénéfices Futur.*

The *S'Miles* customer loyalty program

In 2008, as part of the *S'Miles* customer loyalty program, a check for €48,420 was officially handed to WWF corresponding to the €24,000 in *S'Miles* points collected in 2007 and topped up by the same amount by the CNCE. The figures already point to significant growth in 2008: over €52,000 in *S'Miles* points. The sums raised are used to finance projects to provide access to water in Niger and Burkina Faso and agricultural support in Madagascar.

Regional development banking

Cordé self-assessment for SMEs

Cordé is a self-assessment application that allows SMEs to see where their strengths and weaknesses lie in terms of sustainable development and to kick-start a corporate responsibility policy. This application was designed by the Group in 2004 in partnership with Vigeo, the corporate responsibility rating agency. It was offered in seven Caisses d'Epargne in 2007. A working group was set up in 2008 to propose, in collaboration with Vigeo, a new business structure (distribution network and communication strategy).

Financing for HEQ-compliant buildings in local communities

The High Energy and Environmental Quality Facility provides financing for local authorities and public agencies that place climate change and the improvement of urban environment management at the center of their construction or refurbishment schemes. In November 2007, the European Investment Bank allocated Caisse d'Epargne €350 million for this facility.

EIB/HEQ financing implemented in 2008

Beneficiary	CE	Project description	Energy performance	Project amount *(in millions of euros)*	Amount of EIB financing *(in millions of euros)*
Commune of Alzen	CE Midi-Pyrénées	Creation of a wood-burning boiler with a heating network used to connect all commune buildings	VHEP + HEQ standards	0.5	0.15
Alsace region	CE Alsace	Renovation of six high schools	HEQ and/or HEP or BBC	65.8	32.9
		Renovation of the Le Corbusier high school	HEQ, HEP and BBC	47.2	23.6
Dijon CA	CE Bourgogne Franche-Comté	Construction of an Olympic-sized pool	HEP (13% below 2005 RT) + HEQ standards	23.8	11.9
Séronais CC	CE Midi-Pyrénées	Renovation of the Wood and Renewable Energy Promotion Division building	HEP	1.4	0.6
SYDEL (electrification union)	CE Bourgogne Franche-Comté	SYDEL administrative building	Energy-efficient building + HEQ standards	4	2
Pays de la Serre CC	CE Midi-Pyrénées	Construction of the "Maison des services" providing certain public services and the Crécy-sur-Serre post office	HEP	1.3	0.2
Bas Couserans CC	CE Midi-Pyrénées	Creation of a flexible attendance day care center for children aged 0 to 6 in Mercenac	VHEP + HEQ standards	0.9	0.2

Subsidiaries

GCE Habitat

New housing schemes led by Sia Habitat, Logirem and *Un Toit pour Tous,* GCE Habitat subsidiaries specializing in the construction and management of social housing, now apply environmental quality standards and are *Habitat & Environment* and *Qualitel* certified.

- In 2008, Sia Group launched construction projects for 17 H&E programs, representing 530 housing units, and 23 programs (625 housing units) are under review. Logirem launched its second H&E high-energy performance program of 24 housing units and the construction of four programs involving some 100 high-energy performance (HEP) or very-high-energy performance (VHEP) housing units deliverable in 2009 and 2010.
- Un Toit pour Tous conducted 11 programs (213 housing units) with dual Qualitel and HEP or VHEP certification.
- Axentia, a subsidiary that builds and manages homes for dependent seniors or the disabled, applied HEQ standards for the construction of a residence with 114 places in the 19th *arrondissement* of Paris. The buildings were H&E certified. Four programs were fitted with wood-burning boilers thanks to the financing from departmental authorities and the ADEME.

In compliance with new regulations (Grenelle laws), energy audits are currently being carried out on Group assets. They will be used to determine the planning of any work necessary to upgrade the buildings that consume the most energy.

The thermal audit of Sia Group buildings is nearly complete. An innovative partnership was established with EDF, for the sale of energy-savings certificates, in the amount of €842,300. With the launch of the *Bilan Carbone*™ in September 2008, Sia Group will assess the greenhouse gas emissions generated by its operations and implement measures to reduce them.

The energy performance of all Logirem assets will be analyzed in 2009.

A remarkable rehabilitation plan was completed for *Un Toit pour Tous*: creation of a wood-burning boiler used for heating and hot water in 186 housing units in Cendras.

Training staff, technicians and caretakers and raising the awareness of residents are an integral part of environment building management.

The new regulations resulting from the Grenelle 1 and 2 laws on the environment will tighten requirements for Group social housing enterprises.

Crédit Foncier's "green" loans

Foncier Evolution Energie loan

To foster energy-saving home improvements or finance energy-efficient housing, Crédit Foncier applies a global approach, taking any energy savings that customers generate by living in energy-efficient homes into account in the calculation of their overall indebtedness. Included in the definition of energy-efficients home are new builds or houses that have undergone energy-saving home improvements. By working these cost savings into the customer's borrowing capacity, more capital can be freed up for high quality projects.

This approach has been rolled out to finance energy-saving home improvements and new housing. It will soon be extended to the financing of an existing residence combined with the completion of energy-saving improvements. To calculate the savings, Crédit Foncier uses *Promodul* simulation software used to measure the energy efficiency of their home and to pinpoint the most efficient energy savings. A version of this software is available on the *www.creditfoncier.fr* website.

Liberté Photovoltaïque loans

The *Liberté Photovoltaïque* loan meets the needs of clients who wish to invest in renewable energy equipment. *Liberté Photovoltaïque* is a 6 to 20-month fixed rate loan with a checking account and total deferral of 12 months that helps optimize the customer's cash position.

SRI funds of Banque Palatine

Palatine Or Bleu

Offered by Banque Palatine, *Palatine Or Bleu* is an international equity fund managed by Palatine Asset Management that invests in water-related activities including supply, recycling and treatment.

Companies are selected on the basis of their sustainable development solutions in the water sector, thus excluding companies operating in non-sustainable fields such as bottled water or swimming pools.

Palatine Or Bleu was listed by Novethic [1] as a thematic fund in May 2008.

At December 31, 2008, the *Palatine Or Bleu* fund had assets under management of €37 million.

(1) Novethic: SRI and sustainable development resource and expertise center; half-yearly SRI management indicator, February 2009; ranking based on open-ended funds.

Palatine Climat et Environnement

Palatine Climat et Environnement is an international equity fund managed by Palatine Asset Management, 33% of its assets are invested in clean energies, 33% in energy efficiency (construction, transport, equipment) and 33% in adapting to climate change (recycling infrastructures, transport, etc.). Biofuels are excluded from the portfolio, contrary to nuclear energy.

Palatine Climat et Environnement has been listed by Novethic as a thematic fund since May 2008.

At December 31, 2008, the *Palatine Climat et Environnement* fund had assets under management of €1.55 million.

At December 31, 2008, the assets under management in Banque Palatine SRI funds represented 0.83% of the total (€4,600 million) of all assets managed (equities, bonds and money market funds) by this subsidiary.

Natixis, gradual integration into the core business

In 2008, Natixis continued to take account of new sustainable development-related opportunities and customer requirements by focusing on the main growth drivers of any financial institution: finance and investments.

The constraints and opportunities of the carbon market

Natixis is actively pursuing its development in various carbon markets (emission allowance trading, carbon credits, Kyoto projects, etc.). Since the beginning of the pilot phase of the European CO_2 permit system, Natixis has offered its customers a wide range of products to manage carbon restrictions and seize opportunities provided by these new markets. These products meet the diverse demands of Natixis customers:

- in the European market for CO_2 permits: spot and future CO_2 permit purchases/sales, options are also offered;
- in the market for Kyoto project carbon credits: project credits in emerging countries are becoming increasingly liquid. It is now possible to trade these spot or future carbon credits in the Natixis futures market.

Natixis also offers structured products for investors interested in carbon markets.

In 2008, Natixis continued to fund the "New Energy Strategies" chair at the *Ecole des Mines* engineering school in Paris, alongside other major corporates such as EDF, Keolis, Safran, Suez and Total.

Growth in financing in the environment and renewable energy sectors

Natixis confirmed its leading position in the financing of renewable energy through its lease financing, project financing and specialist investment fund management businesses.

In 2008, Natixis Lease subsidiary Energeco participated in the financing of a number of renewable energy projects:

- 15 wind farms with a capacity of 133.60 MW for €107 million;
- 5 photovoltaic solar power plants with a capacity of 9 MW for €27 million;
- 1 biogas power plant with a capacity of 1.2 MW for €2 million.

Natixis Environnement et Infrastructures, a subsidiary of Natixis, is a fund management company specializing in project financing. It manages €960 million in six investment funds dedicated to the environment and sustainable infrastructures. Natixis Environnement et Infrastructures substituted the two *FIDEME* funds specialized in financing renewable energies and the *European Carbon Fund* (ECF) dedicated to carbon financing, which were both almost fully invested, with *EuroFIDEME 2* and *European Kyoto* Fund at the end of 2007, in which Natixis is the main unitholder.

The environment markets were strengthened when the "Climate Action and Renewable Energy Package" was passed by the European authorities. Among other goals, the package aims to reduce greenhouse gas emissions by 20% in Europe and reach a level of 20% of electric energy consumption from renewable energies. These targets back up the strategies of the funds managed by Natixis Environnement et Infrastructures.

As regards infrastructure funds, *FIDEPP* finalized a number of transactions in 2008 involving public-private partnerships. In 2008, the Cube infrastructure fund managed by NEIL, Natixis Environnement et Infrastructures subsidiary, made its initial investments, totaling over €250 million.

In 2008, Natixis Environnement et Infrastructures financed the "Anshan" energy-efficiency project: structuring, purchase and syndication of 13 Mt of certified emission reductions (CER) by the ECF with the second-largest metallurgist in China, Anshan Iron and Steel Group, the largest investment in the CDM market excluding industrial gas.

The investment was completed with the support of Natixis banking services. At the end of 2008, two of the four projects involved in this investment were successfully registered with the United Nations, while the other two are in the process of being registered. The first tons of carbon savings are expected to be certified in 2009.

At the end of 2008, the ECF made 24 investments in major projects, contributing to a total CO_2 savings of 60 million metric tons in Latin America, North Africa and Asia. It was the first year that national registers were connected to the international system created under the Kyoto protocol, and the first year that assets were realized by the ECF, thus resulting in a large surplus and making it possible to pay dividends.

Responsible asset management

Natixis Asset Management is a pioneer in socially responsible investment (SRI) management, with nearly 25 years of expertise in the area:

- in 1985, launch of *Natixis Impact Nord Sud Développement* (1). This socially responsible fund mainly contributes to the development of emerging countries and microcredit;
- in 1999, the creation, in collaboration with Natixis Interépargne, of *Fructi Capital Ethique*, the first employee savings fund managed based on a sustainable development approach.

Over the years, Natixis Asset Management has developed a wide variety of solid SRI and solidarity products (2), covering all asset classes (equities, bonds, money markets, diversified) and managed based on different approaches (ISR Intégré (3), thematic, ethical or solidarity funds).

Natixis Asset Management manages a total of 37 SRI and solidarity portfolios, including dedicated mandates and corporate investment funds. Its offer of open-ended funds consists of 11 funds with total assets under management of €2.8 billion (4).

At December 31, 2008, Natixis Asset Management had total assets under management in SRI and solidarity funds of €3.6 billion (5) ranking as one of the leaders on these markets:

- the number one solidarity fund manager in France with 44% market share, according to the 2008 edition of the *Solidarity Finance Barometer*, published by Finansol (6), La Croix and Ipsos;
- a top-ranking SRI manager in France according to the Novethic half-yearly indicator.

Natixis Interépargne is the leader in SRI employee savings schemes, according to the 2008 activity report (7) of the *Comité intersyndical de l'épargne salariale* (an employee savings committee formed by a group of trade unions), in all the ranges of labeled corporate investment funds.

Natixis Interépargne and Natixis Asset Management are leaders in the French solidarity employee savings market, with 54.6% market share (8).

Further resources allocated to SRI

Convinced of the added value of integrating extra-financial criteria into financial portfolio management, Natixis Asset Management has made SRI a major focus of its growth strategy. It is constantly deepening its core SRI research and management expertise, and is set on gradually extending Environment, Social and Governance (ESG) criteria into traditional management approaches.

In order to do so, Natixis Asset Management has restructured and reinforced its SRI teams:

- it has one of the largest SRI research and management teams in Europe: 10 SRI fund managers in the different management divisions to ensure the gradual inclusion of ESG criteria and 18 extra-financial and credit analysts;
- its extra-financial research and credit analysis teams have been merged into a single department in order to foster synergies and the exchange of information beyond the Core SRI scope (9);
- a quantitative research unit was set up within the extra-financial and credit research department: two quantitative engineers are dedicated to conducting studies (correlation, event theory) that examine the significance of extra-financial criteria.

(1) *Formerly known as Nord Sud Développement.*
(2) *Funds in which a portion of the assets (5% to 10%) is invested in economic solidarity projects.*
(3) *New best-in-class generation, i.e. an approach whereby companies are selected based on extra-financial (environmental, social and governance practices) and financial criteria.*
(4) *Source: Natixis Asset Management at December 31, 2008.*
(5) *Source: Natixis Asset Management at December 31, 2008.*
(6) *Finansol: Network representing the solidarity finance sector.*
(7) *Ranking as of end-December 2008.*
(8) *Source: 2008 edition of the Finansol Solidarity Finance Barometer.*
(9) *The Core SRI scope includes the products managed based on strict SRI management rules.*

Active promotion of SRI

Natixis Asset Management raised its profile as a key sustainable development player and strengthened its policy of actively promoting responsible investment in a variety of targeted initiatives in 2008:

- signing of the Principles for Responsible Investment (PRI) [(1)];
- membership of EUROSIF (European Social Investment Forum) in July 2008, in line with its traditional participation in the *Forum de l'Investissement Responsable* (French Responsible Investment Forum);
- co-sponsoring of the 2008 study of the European SRI market study 2008 conducted by EUROSIF;
- launch of the *Prix de l'Investisseur Responsable* (Responsible Investor Award), in partnership with the consulting firm Amadéis and *Les Echos* on November 26, 2008;
- partnership with Planet Finance as part of the first "International Microfinance Awards" presented by the solidarity organization to mark its 10th anniversary in October 2008.

Natixis Impact, Natixis Asset Management's new SRI brand

Since September 15, 2008, all of Natixis Asset Management's open-ended funds have been grouped together under the Natixis Impact brand. An "Integrated SRI" management approach has been applied to two new funds since October 1, 2008: one equity fund, Natixis Impact Europe Equities Fund, and one fixed-income fund, Natixis Impact Euro Corporate Bond Fund [(2)].

Solid and acknowledged expertise in solidarity management

All ranking among Natixis Asset Management's flagship funds, *Insertion Emplois Dynamique, Insertion Emplois Equilibre, Natixis Impact Nord-Sud Développement* and the FCPR (French high risk mutual fund) dedicated to managing solidarity segments of Natixis Asset Management corporate investment funds are recognized and labeled by Finansol, notably for the quality and transparency of their solidarity management.

A leader on its market, Natixis Asset Management actively contributes to financing solidarity projects through the investors it represents.

For example, in 2008, 58 employment structures were financed in partnership with France Active for a total of €2.5 million through the *Insertion Emplois Dynamique* fund. As a result, 2,930 individuals, 47% of which in difficulty, found employment thanks to the financing [(3)].

The solidarity FCPR, with assets under management totaling €15.3 million as at end-2008, supports a broad range of projects in sectors including social integration, solidarity housing, assistance for persons in difficulty, microfinance or solidarity financial services. This innovative management tool is currently the only one of its kind in France and can be used to optimize the management of solidarity segments of corporate investment funds. It is particularly well-adapted to managing the development of solidarity investments in employee savings schemes in order to comply with changing regulations [(4)]. Natixis Asset Management launched this FCPR in 2006 in anticipation of the changing solidarity employee savings market and developed advanced expertise in the area in order to advise companies on these changes.

(1) *Initiative launched in 2006 by the United Nations and coordinated by the UNEP FI and Global Compact.*

(2) *Subfund of the Natixis International Funds (Lux) Luxembourg mutual fund.*

(3) *Source: France Active, at December 31, 2008.*

(4) *The August 4, 2008 economic modernization bill requires a solidarity corporate investment fund in Company savings plans as of January 1, 2010.*

3.3.8 Environmental management

In collaboration with the WWF since 2003, committed with all of its stakeholders since 2007 in the *Bénéfices Futur* program launched with its teams as part of an environmental management system, Groupe Caisse d'Epargne is providing the resources necessary to implement environmental management in line with the impact of its businesses.

Raising awareness of environmentally responsible practices

In 2008, Groupe Caisse d'Epargne worked with the WWF to design a plan to reduce its environmental impact. To implement this action plan, a number of tools for environmentally friendly practices (paper guide, paper consumption motivation tool, printer specifications) were devised by the WWF and distributed to sustainable development managers to be applied by the employees of the Caisses d'Epargne and the subsidiaries.

Eco-construction of branches

Following the environmental study carried out in 2007 (see the 2007 registration document) and to contribute to the implementation of the new specifications based on its recommendations in 2008, eco-construction principles for the renovation of Caisses d'Epargne branches were defined and explained:

- reduce waste and decrease the pollution of construction;
- optimize energy consumption;
- use equipment that limits environmental impacts;
- apply the new specifications for the construction and renovation of branches.

Most branch renovations in 2008 took the new construction specifications into account.

Transport

The strong incentive to use trains rather than planes, organize video and audio conferences rather than travel, implement a carpooling system, apply WWF recommendations for the development of a company commuter plan are all ways that the companies of Groupe Caisse d'Epargne are reducing both costs and CO_2 emissions.

In 2008, Caisse d'Epargne Rhône Alpes was the first regional Caisse d'Epargne to implement a company commuter plan. The first step was signing the partnership agreement with SEMITAG (public transport operator of the Grenoble-city area) on November 19.

Reduction of water, energy and paper consumption

(See the table of NRE law indicators.)

Selective waste collection

(See the table of NRE law indicators.)

Environmental Management System (EMS)

The EMS enables companies to identify all of the environmental impacts of its business, set targets and objectives in order to manage the risks of its impacts and continuously improve its environmental performance.

A two-year nationwide pilot project was rolled out in the Caisses d'Epargne Provence-Alpes-Corse and Bourgogne Franche-Comté and the CNCE in compliance with ISO 14001, although no other certification has been sought. This EMS is currently being standardized throughout the Caisses d'Epargne.

The EMS is based on the following principles: a nationwide environmental policy, clean policies in each Caisse d'Epargne, specific commitments for each entity, "environment" manuals and programs and dashboards with the monitoring of a few key indicators (energy, water, waste) by branch managers.

Table of NRE law indicators

	Relevance		Indicator, 3D database (description, unit)				Measures taken into account or if not relevant, reason why (GCE scope)
	Yes	No		2006 (1)	2007 (2)	2008 (3)	
1 – Resource consumption							
Water	X		Annual consumption – m³ per FTE	10.1	10	10	(calculated based on 2008 workforce of 30,600 FTE) Measures to reduce consumption in seven Caisses d'Epargne and CNCE: faucet aerators or push-button faucets and flow limiters, etc. HEQ with multi-technical contracts, elimination of water-cooled air conditioning units, dual-flush toilets.
Raw materials/ incoming goods: - paper	X		Annual consumption: number of reams (all types of paper) per FTE. Use of eco-labeled (European Ecolabel, Nordic Swan or Blue Angel, FSC) or recycled paper.	32	30.2	29.6 33% eco-labeled. 11% recycled	(calculated based on 2008 workforce of 35,774 FTE) Measures to reduce paper consumption in nine Caisses d'Epargne and CNCE: 1) paper reams: employee awareness, ecochallenge, monitoring of photocopier consumption, replacement of printers with multi-function copiers for double-sided printing, default double-sided printing configuration, dematerialization. 2) desktop publishing: online publication of commercial printing, double-sided printing of statements of account. Reduction of the paper volume: use of 75g paper in five entities. Use of labeled or recycled paper in nine entities.
Raw materials/ incoming goods: - toner cartridges	X		No. of original cartridges per FTE No. of recycled cartridges per FTE	1.16 1.41	1.18 1.02	0.9 1.7	(calculated based on 2008 workforce of 35,774 FTE)
Energy Measures to improve energy efficiency	X		Annual energy consumption in kWh (irrespective of source: electricity, gas, fuel oil) per m² per FTE	 175 7,345	 161 6,612	 153 6,547	(calculated based on 2008 workforce of 33,430 FTE) Reduction measures: presence detectors in copy rooms, automatic lighting systems in common areas and offices after 10:30 pm and weekends, automatic air conditioning triggered at 26°C, awareness of eco-behavior, renovation of branches, daylight-sensitive lighting, low-energy light bulbs, evening shutdown of workstations, energy audit and air conditioning/heating limits in renovated branches.

(1) Calculations based on an average workforce of 32,283 FTEs.
(2) Calculations based on an average workforce of 31,185 FTEs.
(3) Calculations based on an average workforce of 33,895 FTEs.

	Relevance		Indicator, 3D database (description, unit)				Measures taken into account or if not relevant, reason why (GCE scope)
	Yes	No		2006 (1)	2007 (2)	2008 (3)	
Use of renewable energy	X		% of electricity from renewable energy		15% CEAPC 1% CEBFC 30% CERA -	8% CEAPC 1% CEBFC 21% CELCA -	CE Aquitaine Poitou-Charentes: EDF contract on hydraulic energy. Solar collectors at the CE Bourgogne Franche-Comté, the Belem. EDF green energy contract at the CE Lorraine Champagne-Ardenne scope. (termination of green energy contract at the CE Rhône Alpes).
Land use		X					The bank does not generate any direct or indirect soil pollution.
Air emissions: CO_2	X		Number of entities having completed a *Bilan Carbone*™ assessment	6	8	11 assessments carried out + 2 in progress	Assessments carried out in accordance with ADEME methodology and with approved service providers at 11 Caisses d'Epargne, CNCE and Crédit Foncier. Within the scope of the Environmental Management System (EMS): identification of other significant potential emissions (environmental analysis).
Emissions to water		X					Water treatment complies with the regulations in force. The bank does not generate any specific risk of water pollution.
Emissions to soil		X					The bank does not generate any risk of soil pollution.
Noise and odor pollution	X		Measures to reduce noise pollution N/A In 6	N/A	6 Caisses d'Epargne	8 Caisses d'Epargne and CNCE	Noise reduction measures were taken in eight Caisses d'Epargne, notably as part of the renovation of branches (new specifications) and the CNCE. Noise pollution: - insulated false ceilings, noise-proof partitions, - sound traps on ceilings and floors, - acoustic insulation between offices and neighboring premises and installation of timers on branch air-conditioning systems, - outdoor climate control: installation of sound traps. Odor pollution: - installation of airtight door and VMC unit in some branches, - essential oils diffused at entry to reduce odors from company restaurant.

(1) Calculations based on an average workforce of 32,283 FTEs.
(2) Calculations based on an average workforce of 31,185 FTEs.
(3) Calculations based on an average workforce of 33,895 FTEs.

	Relevance		Indicator, 3D database (description, unit)				Measures taken into account or if not relevant, reason why (GCE scope)
	Yes	No		2006 (1)	2007 (2)	2008 (3)	
Waste	X		Selective sorting and collection of waste (%)	68%	76%	88%	Waste processing is one of the main objectives of the EMS.
			Paper and cardboard collection (%)	86%	87%	100%	In 2008, 12 out of the 18 entities that declared that they collected paper indicated total collection of 2,227 tons.
			Cartridge collection (%)	100%	100%	94%	**Note: these percentages are based on information provided by entities.**
			Fluorescent tube collection (%)			62%	
			Collection of electric and electronic equipment			76%	
2 – Harm to the biological balance							
Measures taken to avoid upsetting the biological balance	X		FSC certified forests (sustainable forest management recognized by the WWF)	2 Caisses d'Epargne	2 Caisses d'Epargne	6 Caisses d'Epargne	Ten Caisses d'Epargne declare that they own forests for a total surface area of 8,823 hectares (21,802 acres). Six declare that they sustainably manage their forests, of which three are FSC certified.
3 – Assessment or certification							
Steps taken	X				Audit by the Vigeo agency	Vigeo audit results	Vigeo evaluation/rating requested in 2003 and 2007. The Environmental Management System is based on ISO 14001, although certification has not been sought to date.
4 – Compliance with legal requirements							
Steps taken	X				Yes, in 2 Caisses d'Epargne and the CNCE	Yes, in 2 Caisses d'Epargne and the CNCE	The first objective of entities implementing the EMS is to comply with environmental regulations. A national monitoring system is currently being set up. Regulatory requirements (RT2005 and handicapped employees) are included in new job specifications for the construction/maintenance of branches (see Cap Environnement study). To date, these steps concern Caisse d'Epargne Provence-Alpes-Corse, Caisse d'Epargne de Bourgogne-Franche Comté and CNCE.
5 – Prevention of environmental impacts							
Expenditure		X					This point has not been taken into account with regard to direct impacts in the GCE scope, but may be considered at a later stage with regard to the impact of GCE's products and services.

(1) Calculations based on an average workforce of 32,283 FTEs.

(2) Calculations based on an average workforce of 31,185 FTEs.

(3) Calculations based on an average workforce of 33,895 FTEs.

3

	Relevance		Indicator, 3D database (description, unit)				Measures taken into account or if not relevant, reason why (GCE scope)
	Yes	No		2006 (1)	2007 (2)	2008 (3)	
6 – Environmental management and environmental training							
Resources committed (with consequences above and beyond company establishments)	X		Sustainable development *and Bénéfices Futur* e-learning, DD program of Groupe Caisse d'Epargne, available on the Group Intranet since April 2008. Number of employees who took the training			2,298 on training website 4,379 on direct Intranet	Guide to environmentally responsible practices prepared in conjunction with the WWF available to all employees on CD-Rom or Intranet in 2009. Publication of sustainable development and *Bénéfices Futur* articles and in a large number of reviews addressed to employees or policyholders. Participation in a number of sustainable development events, fairs and forums.
7 – Provisions and guarantees							
Amount		X					See point 5 above.
8 – Compensation paid							
Amount		X					See point 5 above.
9 – Extension of standards to subsidiaries							
Objectives assigned to subsidiaries in respect of points 1 to 6	X						As regards internal environmental management, Groupe Caisse d'Epargne's subsidiaries are gradually starting to implement the policies already in place in the branches and the CNCE. At end-2008, the following subsidiaries were concerned: Banque Palatine, Crédit Foncier de France, Financière Océor and GCE Habitat.

(1) Calculations based on an average workforce of 32,283 FTEs.
(2) Calculations based on an average workforce of 31,185 FTEs.
(3) Calculations based on an average workforce of 33,895 FTEs.

4 | Risk management

4

The disclosures in respect of risk management and capital required under IFRS 7 form an integral part of the audited financial statements.

4.1 Information on risk management

4.1.1 General risks

Groupe Caisse d'Epargne's business involves the following main risks:

- credit or counterparty risks;
- market risks;
- liquidity and interest rate risks;
- operational risks;
- intermediation and settlement risks;
- compliance risks;
- legal risks;
- IT risks.

Groupe Caisse d'Epargne has set up risk management processes adapted to its decentralized organization and the diversified businesses of its entities. These processes are designed to manage the risks inherent in all of the Group's activities and operations, and to ensure compliance with regulations, professional practice and Group standards.

Risks are managed and monitored through permanent controls by different CNCE departments: the Group Risk Management and Group Compliance and Security units are more particularly in charge of formulating transaction control standards, monitoring and analyzing control reporting and ensuring the consistency of permanent controls. Other departments, including Group Finance and Group Regulation and Consolidation, also play a role.

4.1.2 Roles and responsibilities of the Risk Management and Compliance functions

The Risk Management and Compliance/permanent control functions include the Group Risk Management and Group Compliance and Security units and the Risk Management and Compliance/permanent control units of the various entities (Caisses d'Epargne and subsidiaries).

The "Risk Management function" handles Group risk management, monitoring risks at entity level based on a set of common rules that have been defined at the national level and laid down in the "*Group Risk Manual*".

However, each entity defines its own risk policy, which describes the entity's strategy with respect to risk. This policy is set out in line with the entity's global strategy and seeks to manage banking and financial risks and ensure that they are compatible with the entity's capital and contribute to profitability.

The Group Compliance and Security unit works alongside Group Risk Management in implementing permanent controls and focuses chiefly on compliance risks as defined in CRBF regulation 97-02 (as amended). The Risk Management and Compliance/permanent control functions use the same organizational structure and analytical methods for monitoring and managing risks throughout Group entities.

The Group Internal Control Oversight Committee, managed by the Group Compliance and Security unit, is chaired by the Chief Executive Officer of the CNCE. It ensures that Groupe Caisse d'Epargne's risk management and oversight policies and procedures are consistent, comprehensive and well organized. The Committee is also tasked with coordinating and supervising the action plans that it has approved, and may be contacted by the head of Group Risk Management and the head of Group Compliance units in relation to any inconsistencies or shortcomings identified in relation to risk management processes.

4.1.3 Organization of the Risk Management and Compliance functions

Risk Management function

The Group Risk Management department reports to the Chairman of the CNCE in compliance with regulatory principles, in particular CRBF regulation 97-02 (as amended).

Group Risk Management makes sure that all Group entities are compliant from a risk perspective with regulatory requirements and that their organizational structure is satisfactory in terms of independence, size, resources, and so on. It is responsible for liaising with the *Commission Bancaire* (French Banking Commission) on risk-related matters.

GRM provides risk oversight and control in the manner and with the frequency it deems appropriate for effectively managing risks in line with previously vetted standard methodologies.

Its brief is as follows:

- making proposals to the CNCE's Management Board concerning overall exposure limits (credit limits, market limits, etc.) for entities and businesses in line with Group risk management policy;
- setting up a system of committees and levels of authority validated by the CNCE's Management Board;
- coordinating Group committees from a risk management perspective;
- monitoring entities' compliance with these limits and tracking any overruns;
- developing and maintaining Groupe Caisse d'Epargne's rating systems;
- approving and implementing the internal methods and tools used to rate and compute all types of risk throughout the Group;
- defining the risk control, processing and oversight structures and procedures applicable to all entities;
- monitoring their application on an ongoing basis.

Group Risk Management is also responsible for consolidated credit, market and operational risk, reporting to Groupe Caisse d'Epargne's corporate governance structures and the banking regulator.

Ongoing monitoring arrangements within each entity enable GRM to oversee the entities' application of Group-wide risk standards, encourage adoption of the standards and report to the Group's corporate governance structures.

Each entity is responsible for defining its own risk policy, which must be in line with its development policy. The risk policy is distributed to the Market departments by the Risk Management department and then integrated into entity procedures. Operating staff are in charge of managing first-tier risks and therefore required to apply the policy in force. The Risk Management department ensures the second-tier permanent control of credit risks. The Internal Audit department carries out regular audits of the entire scope of consolidation.

Each entity's Risk Management unit covers all risk exposures, including credit and counterparty risks, market and financial risks, overall interest rate and currency risks, liquidity and settlement-delivery risks. The units perform ex ante risk analyses based on the entity exposure limits as well as ex post analyses and controls. They coordinate the activities of their entity's Risk Committee, Commitments Committee, Financial Management Committee and Operational Risks Committee, and also participate in meetings of the entity's ALM Committee.

The Risk Management units liaise with Group Risk Management on an ongoing basis and are responsible for implementing within their respective entities the national procedures and projects initiated by GRM. The Risk Management units ensure that Basel II standards are applied within their entity and monitor their correct application on an ongoing basis. Basel II standards are an integral part of the Group's risk measurement, monitoring and oversight structure.

Based on proposals submitted by management boards or executive management, the head of Group Risk Management approves the appointment of the unit risk managers. In the event of any disagreement, the matter is referred to the CNCE's Management Board, which has the final say.

The Risk Management units of the specialized entities (Natixis, Banque Palatine, Crédit Foncier, etc.) seek to deploy leading-edge risk management methods and analyses in their specific sectors, in line with the proximity principle. Group Risk Management is ultimately responsible for validating and controlling this work.

A detailed description of the governance and committees of the Risk and Compliance function, along with a special focus on Natixis, are available in the report prepared by the Chairman of the Supervisory Board (Section 2.1).

Compliance/permanent control function

The Group Compliance and Security (GCS) unit is in charge of monitoring and managing Group compliance risks as defined in CRBF regulation 97-02 (as amended).

It is also in charge of monitoring the consistency of permanent control procedures and overseeing risks not specifically included in GRM's brief.

The GCS unit oversees the approval procedure for new products developed by Groupe Caisse d'Epargne via the Group Product Approval Committee. This committee approves new products and services from a legal, economic and financial perspective, and their distribution from a compliance standpoint.

Entity-level Compliance/permanent control units implement the organizational and operational guidelines prescribed by the Group Compliance and Security unit. Their brief is the same as the GCS unit at the entity level.

4.1.4 Main developments in 2008

Implementation of the Basel II reforms

Groupe Caisse d'Epargne has implemented the software tools it will need to calculate its capital adequacy requirements in line with the February 20, 2007 Ministerial order. On March 31, 2008, the Group began to produce regulatory reports on the Basel II capital adequacy ratio using this new application.

Moreover, in addition to the existing work on accounting reconciliation with Risk data, the Group has set up a supplementary accounting procedure that weights exposures appearing in variances between "risk" and accounting data.

Controls were used to implement a supplementary accounting procedure and involved entities and IT communities under a process monitored by the CNCE:

- prior to the updating of Group systems, reconciliation of accounting balances with risk commitments;
- reconciliation of accounting balances with the risk commitments in the Group consolidation software using Group risk management and calculation software.

These controls are run in each entity.

Differences are analyzed and plans are put in place to adjust for differences in scope.

In December 2007, the Management Board of the CNCE decided to set up a nationwide data quality management system with a network of data quality representatives in charge of organizing the necessary measures within the Caisses d'Epargne and IT communities.

In order to centralize the various initiatives taken to improve source data quality, the Groupe developed a National Observatory for Data Quality to measure the quality of certain variables using a number of different metrics, and coordinate methods put in place to improve data reliability.

Basel II certification

One of the major focuses of Groupe Caisse d'Epargne's Risk Management function is the preparation of internal rating systems for certification by the banking regulator. This is broken down into three steps:

- testing and documenting methods;
- integrating internal ratings within the risk management and oversight process;
- drawing up the norms required to standardize practices in line with regulatory requirements.

Basel II retail banking and major counterparty procedures were reviewed by the CNCE's Internal Audit department as part of its report on the progress of the internal ratings-based approach developed for Groupe Caisse d'Epargne Retail banking business. This report was submitted to the French Banking Commission.

Group Risk Management is currently helping Crédit Foncier, Financière Océor and Banque Palatine to prepare for Basel II certification.

The French Banking Commission's review of Basel II retail banking certification began mid-year at the CNCE and was completed on December 31, 2008.

Since November 2008, the French Banking Commission has also been running controls on the management of Groupe Caisse d'Epargne's consolidated risk.

CIFG

On January 21, 2009, Groupe Caisse d'Epargne and Groupe Banque Populaire reached a commutation agreement with CIFG, a monoline insurer, giving CIFG's main creditors approximately 90% of its capital. This agreement left the CNCE and BFBP with only about 10%, held by a joint company, Twins Participations, as opposed to 100%, held jointly as of December 31, 2008.

Under this restructuring agreement, counterparties will waive their rights to CIFG guarantees on a portfolio of subprime assets in exchange for a portion of CIFG's capital and dividends. All signatories also waive their rights to any lawsuits between each other.

In addition to the commutation, Assured Guaranty agreed to reinsure a portfolio of $13 billion in U.S. Public Finance Business.

The financial crisis

The financial crisis sparked in 2007 by the drop in U.S. real estate prices combined with rising interest rates worsened in 2008.

During the first half of 2008, housing prices in the U.S. fell more steeply, triggering a decline in the financial situation of monoline insurers, which had granted guarantees against securitized real estate assets.

The financial crisis intensified in the second half of the year, which saw a number of extensive economic and financial upheavals: the collapse of Lehman Brothers and Washington Mutual in September, the virtual paralysis of the interbank market over the space of several weeks, and the rescues of major banks by way of mergers, bad loan buyouts or government intervention.

During the last quarter of 2008, the banking crisis triggered a credit crunch and the curtailment of loans granted by banking institutions to the "real" economy compounded the impact of a normal, cyclical downturn following the recovery phase of recent years.

In response to the crisis, the Financial Stability Forum's April 7, 2008 report outlined a series of recommendations aimed at improving the transparency of financial information provided on certain risk exposures. These recommendations are based on the work of the Senior Supervisors Group, which identified best reporting practices based on disclosures made by international banks.

Details of Groupe Caisse d'Epargne's risk exposure are provided in Section 7 of this document, in accordance with these recommendations.

Liquidity/Refinancing

Implementation of the French economic stimulus package

As part of a European action plan, during it meeting held on October 13, 2008, the French government adopted a set of measures designed to restore confidence in the banking and financial system and stimulate the French economy. The French economic stimulus package is two-phased:

Phase one: improve the availability of liquidity

The financial crisis has spawned such a feeling of mistrust between investors and banks that banks are now having difficulty accessing the money market and bond market for refinancing.

The *Société de Financement de l'Economie Française* (SFEF), an agency that is 34%-owned by the government and 66%-owned by major French banks, was created to raise funding on the bond markets (maturities of up to five years). The funds raised through the agency are in turn lent to banks, thus injecting cash into the banking system and stimulating the economy.

Controlled by the French government and the Banque de France, the SFEF benefits from explicit state guarantees for up to €265 billion in new loans by the end of 2009.

SFEF issues are handled by different banks and allocated depending on their economic stature:

- on November 12, 2008, the SFEF launched its €25 billion bond program with the issue of €5 billion in three-year bonds (3.5% coupon maturing in 2011). The Groupe's share came to €742 million;
- a second issue of €6 billion in two-year bonds took place on December 6. The Groupe's share came to €820 million.

Phase two: strengthen the capital position of banks

This program provides banks with access to capital other than ordinary capital, notably deeply subordinated notes or preferred shares. The French Banking Commission allows these so-called hybrid instruments to be included in bank capital up to certain limits.

A wholly state-owned structure, the *Société de Prise de Participation de l'Etat*, subscribes for deeply subordinated notes issued by banks. The plan was validated by the European Commission on December 8, 2008.

It is designed to stimulate the economy by increasing the number of loans approved, as capital adequacy ratios require banks to hold capital that matches the amount of the loans they have granted.

In exchange, banks have committed to easing conditions for loans to households, SMEs and local authorities, and are aiming for 3% to 4% growth in lending by the end of 2009.

The two parts of the plan are independent of each other.

On October 20, 2008, the French government announced that it would subscribe for €10.5 billion in deeply subordinated notes issued by the six largest French banks through the SPPE.

Each bank's allocation is determined with a view to improving its capital ratios evenly across the board without affecting competition, with relative differences between banks remaining unchanged: €1.1 billion for the Groupe Caisse Epargne.

Groupe Caisse d'Epargne cash reserves

In regards to short-term financing and liquidity risk management in the prevailing financial crisis, which took a turn for the worse with the failure of Lehman Brothers on September 15, 2008, it has become strategic to hold assets eligible for repurchase agreements with Eurosystem and to manage them properly. Groupe Caisse d'Epargne enjoys a very strong position in this respect:

- with a volume of about €37 billion as of December 31, 2008 (after haircuts) in securities and private loans (local authorities and companies) with centralized management by the CNCE;
- plus about €33 billion (after haircuts) from Crédit Foncier group, which also has an estimated €32 billion in assets that could be used as collateral.

GCE Covered Bonds

Groupe Caisse Epargne created GCE Covered Bonds, a AAA-rated issuance vehicle, to diversify the Group's sources of financing.

Covered bonds issues, designed for institutional and/or qualified investors, are guaranteed by an oversized set of home loans granted by the Caisses d'Epargne and Crédit Foncier in accordance with predefined eligibility criteria.

At the end of 2008, the total amount of issues of GCE Covered Bonds stood at €21 billion (first issue on September 8, 2008, in the amount of €1 billion, followed by two other issues in October in December for €5 billion and €15 billion respectively).

European Investment Bank (EIB)

The near-10-year partnership between Groupe Caisse d'Epargne and the EIB took on a new dimension in 2008 with the financial crisis. The Group was able to provide its client base, including public-sector hospitals, local public sector bodies, social housing, social economy and corporates, with long-term financing at attractive rates, thanks to the favorable terms granted by the EIB, under its status as a supranational issuer on the bond market.

In 2008, the Groupe obtained about €800 million in very long-term financing (over 15 years) from the EIB.

Real estate risk

The Groupe conducted a study in 2008 on real estate risk based on a cross-business analysis structure of different risk silos (market, credit, operational, business). The purpose of the study was to identify the factors that were sensitive to a deterioration in the real estate cycle within each of these silos, and to measure the nature and magnitude of their potential impact on the Group's balance sheet or income.

This enabled the Group to prepare a risk map and assess its real estate risks.

Given the increase in defaults and failures in the real estate market, Group Risk Management has set up a tight surveillance procedure to monitor real estate risk in collaboration with the Real Estate department.

The areas to be watched most closely include:

- short-term financing with real estate developers, urban planners and dealers;
- medium and long-term financing for real estate companies, investment funds and investors;
- local real estate development within the network.

These areas include both new deals – and their approval criteria – and the transactions already underway.

Group Risk Management was involved in setting up a mechanism for monitoring risks in the Real Estate business (Nexity) against the backdrop of the flailing real estate market.

Trading loss

While performing its usual internal control procedures, in October 2008, Groupe Caisse d'Epargne identified trading positions in equity derivatives taken by the Caisse Nationale des Caisses d'Epargne, resulting in a pre-tax loss of €752 million.

These open positions were taken against the backdrop of extreme market volatility and the collapse of equity markets in the week of October 6, 2008.

The measures necessary to close these positions, most of which involved over-the-counter instruments, were carried out on 15-16 October, 2008, and the discontinuation of this activity generated significant losses.

As a result of these events, the CNCE strengthened its internal control system by implementing risk management backed up by the separation of functions (front office, middle office, back office and accounting) at a sufficiently high level, the dedication of adequate resources to carry out controls and supervise procedures and the definition of clear procedures for the departments that run these controls. These activities are now monitored on a daily basis to avoid investment in products that are not consistent with the company's strategy.

Group Risk Management strengthened the middle office team in charge of monitoring the CNCE's financial activities. This team has the following duties:

- day-to-day transaction checks. This involves ensuring that transactions carried out by operating units comply with the procedures set jointly by the Group Finance and Group Risk Management departments;
- risk mapping and updates;
- market risk indicators redefinition (Value at Risk, modified duration, deltas for options, exposure by currency, sector and geographic region, loss alerts) and counterparty risk;
- implementation of new risk limits.

The new system for calculating risk indicators and monitoring limits is currently being implemented.

The middle office is also in charge of calculating economic results. Results are calculated on a daily basis for the trading portfolio and on a monthly basis for the banking portfolio.

4.2 Scope of application of the third pillar of Basel II

4.2.1 Accounting consolidation scope and prudential consolidation scope

The exposure of Groupe Caisse d'Epargne to the different risk categories is determined based on the prudential consolidation scope.

The prudential consolidation scope is established based on the statutory consolidation scope (see Note 12 to the Groupe Caisse d'Epargne consolidated financial statements).

The main difference between these two scopes lies in the consolidation method of insurance companies, which are accounted for under the equity method within the prudential scope, regardless of the statutory consolidation method.

The following insurance companies are accounted for under the equity method within the prudential consolidation scope:

- CNP;
- GCE Assurances;
- Surassur;
- Muracef;
- Foncier Assurance;
- Coface;
- Natixis Assurances;
- Natixis Garanties.

The main changes in consolidation scope are analyzed in the notes to the Groupe Caisse d'Epargne consolidated financial statements.

In particular, the following mergers of Caisses d'Epargne were finalized in 2008:

- merger of the Caisse d'Epargne de Bretagne and the Caisse d'Epargne Pays de la Loire;
- merger of the Caisse d'Epargne de Basse-Normandie and the Caisse d'Epargne de Haute-Normandie;
- merger of the Caisse d'Epargne d'Ile-de-France Nord, the Caisse d'Epargne d'Ile-de-France Ouest and the Caisse d'Epargne d'Ile-de-France Paris.

4.2.2 Scope of application within Groupe Caisse d'Epargne

Credit institutions subject to supervision of management ratios in accordance with Articles 4.1 and 4.2 or CRBF regulation 2000-03 are identified in the statutory consolidation scope in Note 12 to the Groupe Caisse d'Epargne consolidated financial statements.

4.3 Capital management and regulatory capital requirements

4.3.1 Capital management

In 2008, Groupe Caisse d'Epargne set up a Group-wide Capital Management department. It also began to quantify internal capital requirements ("economic capital"), track regulatory ratios for the Group and its entities on a forward-looking basis and take capital management measures. As a result of regulatory developments prompted by the transition to Basel II, the way in which capital is allocated across the Group changed significantly during this period.

Capital Management department

In 2008, the CNCE created a Capital Management department responsible for:

- implementing the capital allocation strategy and optimizing Groupe Caisse Epargne's return on capital;
- defining and implementing measures to optimize the capital requirement for the Groupe and its entities, as well as the cost of raising capital;
- defining and implementing indicators for measuring profitability from an economic perspective, in a bid to improve pricing tools;
- incorporating capital consumption projections within strategic planning for each level of analysis (regulatory/economic) together with expected profitability at both the entity and business level;
- measuring internal capital requirements in compliance with the second pillar of Basel II (economic capital);
- ensuring that the capital management approach is tranversal across the CNCE and providing a point of contact for the roll-out of the department within the Groupe entities.

The creation of this new function also led to a specific new oversight structure, the Groupe Capital Management Committee, co-chaired by the members of the CNCE Management Board in charge of Development and Finance, and comprised of chairmen and corporate officers of the Caisses d'Epargne and CNCE subsidiaries.

Projections of regulatory ratios

Groupe Caisse d'Epargne makes forecasts of regulatory ratios within its business and earnings forecasts. Projected Tier-1 and total capital ratios are also calculated for each entity affiliated to the Group.

Measures concerning the capital of CNCE entities are based on their own specific needs and regulatory requirements.

Obstacles to the transfer of capital or the reimbursement of liabilities by the parent company

Groupe Caisse d'Epargne does not have any material or legal obstacle to the transfer of its capital or the rembursement of liabilities between CNCE, the regional Caisses d'Epargne and subsidiairies.

Optimization and management of capital

In 2008, Capital Management implemented the following measures:

- in March 2008, the individual Caisses d'Epargne significantly increased the CNCE's capital by subscribing for a €3.2 billion issue of ordinary and preferred shares in equal proportions. The share issue led to a significant change in the way capital was allocated across the Group, in accordance with Basel II provisions. The business activity of CNCE's holding company was negatively impacted by the change in regulations, with half of the deductions taken against its Tier-1 capital [(1)]. In parallel, since the business of the individual Caisses d'Epargne is mainly retail banking, they benefit from lower capital requirements under Basel II. An amendment to the bylaws is expected in the first quarter of 2009 so that the preferred shares issued by the CNCE meet the European standard and can be included in Core Tier-1 capital. The *Collège de la Commission Bancaire* confirmed this procedure at its meeting on December 15, 2008;
- in the first half of 2008, shareholder advances were granted to Natixis jointly by the CNCE and the BFBP for a total of €2.5 billion (€1.25 billion for each shareholder group). These advances were capitalized in September 2008, following Natixis' €3.7 billion capital increase to strengthen its financial position, leaving the CNCE's stake in Natixis unchanged;
- in the fourth quarter of 2008, the French government subscribed for €1.1 billion in deeply subordinated notes issued by the CNCE under the French economic stimulus package;
- in 2008, prudential requirements were managed for each entity in order to limit their growth and optimize the use of capital.

Economic capital management project

In accordance with the second pillar of the Basel II framework, this project seeks to:

- define the methodologies for determining economic capital and the overall concepts and parameters to be used in the approach;
- estimate the various impacts of diversification (businesses/entities/risks);
- measure economic capital consumption at Group level.

Since its inception, the project has been carried out in conjunction with the Banque Populaire group and Natixis, which benefits from the dual affiliation provided by its two central institutions. The aim of the project was to ensure that the methods used to assess whether capital is properly aligned with each risk profile were consistent for risks within the same category. The project also draws on the work carried out under the First Pillar of the Basel II framework.

The Group has since tested and calibrated the methodologies chosen for each risk typology (credit, market, operational, ALM, business) in order to assess the internal breakdown of economic capital by nature and level of risk and to reconcile the results with regulatory requirements.

This approach is tested, and is expected in time to enhance the profitability indicators used by each business.

4.3.2 Breakdown of capital

Prudential capital is broken down into three major categories: **Tier-1 capital, Tier-2 capital** and **Tier-3 capital.**

(1) In particular, deductions of the CICs of the Caisses d'Epargne and Banques Populaires networks, owned by Natixis and accounted for at CNCE level through the proportional consolidation of Natixis.

The table below gives the breakdown of Groupe Caisse d'Epargne capital at December 31, 2008.

In millions of euros	**12/31/2008**
Tier-1 capital	
Capital	9,567
Reserves and retained earnings	10,310
Minority interests	1,991
Income	(2,015)
Hybrid Tier-1 issues	5,342
(-) Deductions from Tier-1 capital (other than treasury stock)	(3,633)
Goodwill	(3,187)
Other intangible assets	(446)
Other Tier-1 capital	(634)
Tier-1 capital before deductions (A)	**20,928**
Tier-2 capital	
Upper Tier-2	232
Lower Tier-2	7,153
(-) Deductions from Tier-2 capital	-
Tier-2 capital before deductions (B)	**7,385**
Deductions from capital	
Subordinated debt in banks or financial institutions	(4,236)
Deductions for expected losses	(9)
Other deductions	(422)
Investment in insurance companies	(1,532)
Deductions from capital (C)	**(6,201)**
Including	
Deductions from Tier-1	*(2,334)*
Deductions from Tier-2	*(2,334)*
Deductions from total capital	*(1,532)*
TOTAL CAPITAL (A)+(B)+(C)	**22,113**
Tier-1	**18,594**
Tier-2	**5,051**
Tier-3	**-**

Prudential capital, calculated in accordance with Basel II standards, totaled €24,184 million as of December 31, 2007, of which €20,367 million in Tier-1 capital.

Tier-1 capital

Tier-1 capital comprises shareholders' equity, minority interests, hybrid Tier-1 instruments less certain items, notably goodwill.

Tier-1 capital includes the following items:

- minority interests made up mainly of minority stakes in Nexity group (€994 million), Eurosic group (€365 million) and Natixis group (€396 million, of which €161 million in preferred shares);

- deeply subordinated perpetual notes corresponding to Tier-1 hybrid instruments:
  - €4,235 million issued by the CNCE, of which €2,350 million with an innovative element,
  - €1,268 million issued by Natixis, of which €630 million with an innovative element;
- a €3,187 million deduction for goodwill (of which €1,200 million for Natixis group and €1,252 million for Nexity group).

Tier-2 capital

Tier-2 capital breaks down into two parts:

- upper Tier-2 capital includes deeply subordinated perpetual notes and some financial instruments;
- lower Tier-2 capital includes long-term subordinated notes and some preferred shares.

Additional Groupe Caisse d'Epargne capital is mainly comprised of subordinated redeemable notes issued by the Caisse Nationale des Caisses d'Epargne.

Tier-3 capital

Tier-3 includes a greater variety of long-term subordinated debt used only to hedge market risk. No Tier-3 instruments are included in Groupe Caisse d'Epargne capital.

Deductions

Deductions mainly include investments in credit or financial institutions and subordinated receivables from these institutions if they are more than 10%-owned or consolidated under the equity method. Following the implementation of Basel II standards, these deductions are charged in equal portions against Tier-1 and Tier-2 capital.

For Groupe Caisse d'Epargne, these include the value accounted for under the equity method of Banque Populaire CICs (€1,683 million), investments in Banca Carige and Crédit Logement (€412 million and €278 million respectively), and subordinated loans and securities with Natixis (€1,637 million).

On September 30, 2008, Groupe Caisse d'Epargne applied the transitional method authorized by CRBF regulation 90-02 as amended on the treatment of investments in insurance companies. During a transitional period ending December 31, 2012, institutions identified as financial conglomerates can deduct the value of insurance companies consolidated under the equity method from total capital.

As of December 31, 2008, the amount deducted from Groupe Caisse d'Epargne's total capital under this method totaled €1,532 million, including €1,042 million for CNP.

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4.3.3 Regulatory capital requirements

Groupe Caisse d'Epargne entities, with the exception of Natixis, determine their weighted exposure using the standardized approach for credit, market and operational risk.

Regulatory capital requirements for Natixis are mainly calculated using an internal ratings-based approach for credit risk, an internal model-based approach for market risk, and the standardized approach for operational risk.

In millions of euros	**12/31/2008**
Credit risk	
Standardized approach	
Central governments and central banks	17
Institutions	1,333
Corporates	3,824
Retail	5,279
Equity	643
Securitization positions	494
Standardized approach (1)	**11,591**
Internal ratings-based approach	
Central governments and central banks	9
Institutions	328
Corporates	2,161
Retail	10
Equity	173
Securitization positions	184
Internal ratings-based approach (2)	**2,865**
Other assets not involving credit obligations (3)	**854**
Standardized approach	*717*
Internal ratings-based approach	*137*
Total requirement with regard to credit risk (A)=(1)+(2)+(3)	**15,309**
Total requirement with regard to market risk (B)	**939**
Total requirement with regard to operational risk (C)	**1,306**
Total requirement with regard to transitional provisions (D)	**896**
CAPITAL REQUIREMENTS (A)+(B)+(C)+(D)	**18,450**

In accordance with the transitional provisions set out in Article 391 of the French ministerial order dated February 20, 2007, total regulatory capital requirements include the additional capital requirement of €896 million (D).

Basel I regulatory capital requirements stood at €18,618 million as of December 31, 2007.

4.3.4 Regulatory ratios

The method for calculating the Basel II capital-adequacy ratio applicable since January 1, 2008 is that defined by the Order of February 20, 2007 issued by the French Ministry of the Economy, Finance and Industry as the relationship between total prudential capital and the sum of:

- regulatory capital requirements for credit risk using the standardized approach or internal ratings-based approach according to the Group entity concerned;
- regulatory capital requirements for prudential supervision of market and operational risks.

As of December 31, 2008, the solvency ratio stood at 9.59% (versus a capital adequacy ratio (Basel I) of 130% as of December 31, 2007, for an equivalent solvency ratio of 10.39%).

The Tier-1 ratio is obtained by multiplying the Tier-1 capital/regulatory capital requirements ratio by 8%.

As of December 31, 2008, the Groupe Caisse d'Epargne Tier-1 ratio equaled 8.14% (8.75% under Basel I or 8.3% under Basel II on a pro forma basis as of December 31, 2007).

Despite the accounting loss for the fiscal year, measures were taken to strengthen shareholders' equity in the Tier-1 ratio in 2008: issue of nearly €0.8 billion in members' shares and a €1.1 billion investment in hybrid securities in December 2008 under the first part of the French economic stimulus package.

As regards the issuer, Caisse Nationale des Caisses d'Epargne group, the Tier-1 ratio stood at 8.3% as of December 31, 2008 (8.53% as of December 31, 2007 under Basel I).

The capital adequancy ratio was 10.54% as of December 31, 2008 (versus a capital adequacy ratio (Basel I) of 126% as of December 31, 2007, representing a Basel II ratio of 10.09%).

4.4 Credit and counterparty risk management

4.4.1 Update on procedures and methods

Scope and type of risk reporting and measurement systems

The credit risk reporting and measurement system is based on two applications: one application for consolidating exposure and monitoring limits and another application for calculating credit risk-weighted assets to determine the McDonough ratio. These two applications are based on the "Base Tiers Groupe" (proprietary counterparties and ratings database).

The application for consolidating exposure and monitoring limits applies to the Groupe Caisse d'Epargne scope (CNCE, Caisses d'Epargne and subsidiaries) and covers all counterparties and products that generate credit risk. The exposures to counterparties are updated on a monthly basis, and the entire scope excluding retail banking exposure is updated on a weekly basis. System data is very fine-grained as it is based at the agreement level. In order to constantly improve data quality, enhancements have been made to the entire system, in particular to data from subsidiaries.

This system is used to measure and monitor exposure and limits as well as the distribution and concentration of exposure according to different risk factors such as the type of counterparty, rating, country or geographic region, business sector, etc.

External credit rating

As of December 31, 2008, five out of the seven rating agencies approved by the French Banking Commission had been selected to provide credit ratings used in regulatory calculations: Moody's, Standard & Poor's, Fitch, Coface and the Banque de France through its FIBEN listings.

Groupe Caisse d'Epargne follows the coordination of external credit ratings assigned by each of these agencies and the different levels of quality published by the French Banking Commission.

If there is no external credit rating directly applicable to a given exposure, but a general credit rating for the issuer or a credit rating for a specific issue program outside the actual exposure, the procedures used to determine the weighting are applied within Groupe Caisse d'Epargne in accordance with Article 37-2 of the French ministerial order on regulatory capital requirements applicable to banks and investment firms.

For fixed-income securities (bonds), external ratings given to the specific issue take precedence over external ratings given to the issuer. Credit ratings for a specific bond issue are taken into account to determine the weighting of the position on the said security, with priority given to the short-term rating over the long-term rating. If there are no external ratings for the issue, the issuer's long-term external rating is taken into account for senior debt only, except in the specific case of exposure to institutions for which the weighting is deduced from the credit quality rating of the government of the country in which it is established.

Corporate Guarantee Fund

The *Garanties Entreprises* economic interest grouping was created in early 2007. Currently comprising all 17 Caisses d'Epargne and the Banque Palatine, this mutual guarantee fund allows entities to pool company risk for commitments that exceed either their internal limits or reporting thresholds for the Group credit committee of the regional development banking network. The fund acts only as a counter-guarantee.

Second opinions are provided by the Group Risk Management's "BDR" *Banque du developpement regional* (SMEs, public sector entities, real estate transactions) credit analysis department.

Additional information on the internal ratings-based approach, assignment of credit limits and the management of overruns are presented in the report by the Chairman of the Supervisory Board (section 2.1).

4.4.2 Exposure of Caisse d'Epargne as of December 31, 2008

Exposure to Groupe Caisse d'Epargne credit risk and dilution risk

The following table presents a breakdown of credit risk exposure by Basel II category. Namely:

- central governments and central banks: including multilateral development banks and international organizations;
- institutions including credit institutions, local authorities and state-owned entities;
- corporates: covers corporates and SMEs;
- retail customers;
- equities: includes shares as well as all other forms of shareholders' equity;
- securitization positions: notably includes CDOs, CLOs or CMBSs.

Exposure to credit risk is determined without accounting for the impact of any unrecognized netting or collateral agreements.

(Information provided in compliance with IFRS 7)

In millions of euros	12/31/2008	12/31/2007 (*)	Average exposure (%)
Exposure to credit risk by category			
Central governments and central banks	22.0%	23.4%	25.7%
Institutions	25.3%	21.0%	21.0%
Corporates	19.9%	18.5%	20.9%
Retail	25.3%	27.9%	25.4%
Equity	1.1%	2.5%	1.2%
Securitization positions	6.4%	6.7%	5.8%
EXPOSURE TO CREDIT RISK	**100.0%**	**100.0%**	**100.0%**

(*) Data adjusted based on information provided on December 31, 2007. The changes essentially concern:

- The change in Natixis' integration rate: from 50% -risk approach-as of December 31, 2007 to 35.78%- COREP approach-as of December 31, 2008.

- The classification of risk exposure: Bale classes as of December 31, 2007 compared to Bale II exposure categories as of December 31, 2008.

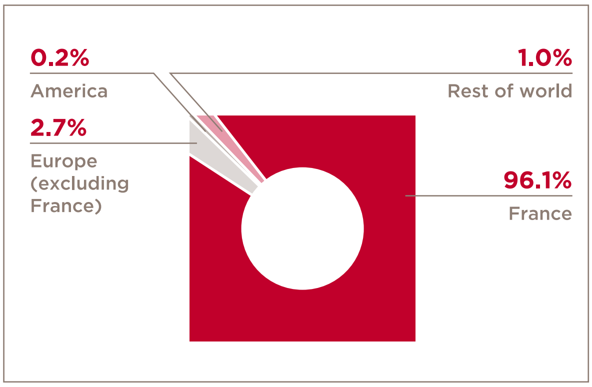
Total Group exposure to credit risk as of December 31, 2008 stood at €628 billion, of which €80 billion worth Livret A savings accounts are managed by CDC. The Group's average exposure over 2008 was €620 billion.

Credit risk exposure is broken down below by category, economic sector and by geographic region.

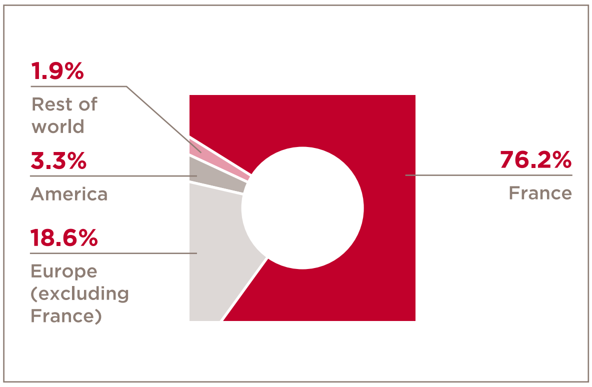
Breakdown of credit risk exposure

a) Breakdown of exposure by geographic region

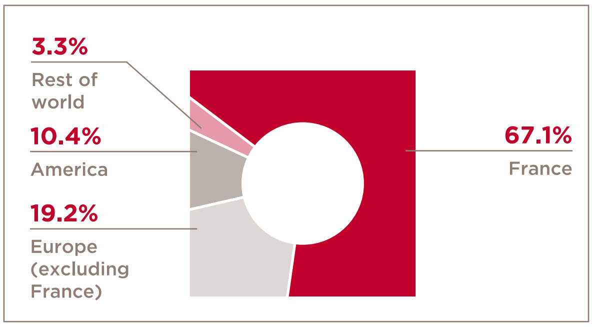
Central governments and central banks



Institutions



Corporate

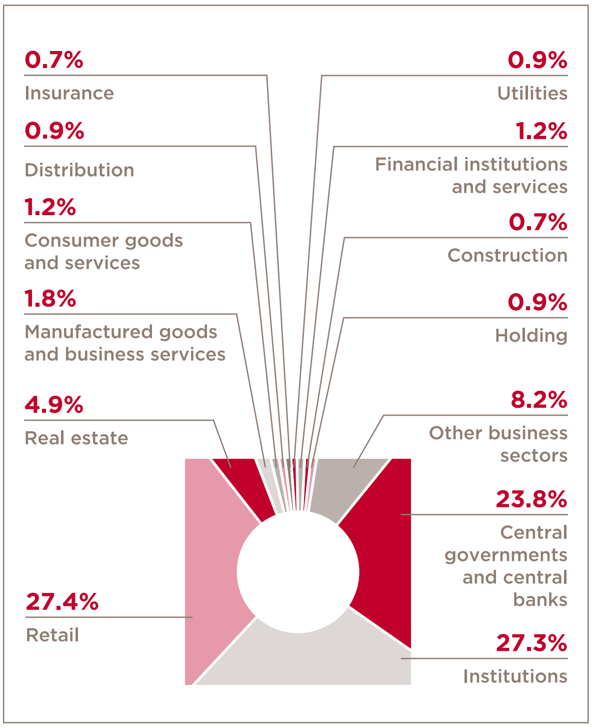


Exposure to retail banking customers is limited to France. For the other categories of exposure indicated above, Groupe Caisse d'Epargne's primary exposures are in France and Europe.

b) Counterparty category diversification of credit risk exposure

Groupe Caisse d'Epargne's exposure is broken down by economic sector in the graph (*) below.

Breakdown of the credit risk portfolio by Basel II category and by business sector for the corporate exposure category as of December 31, 2008



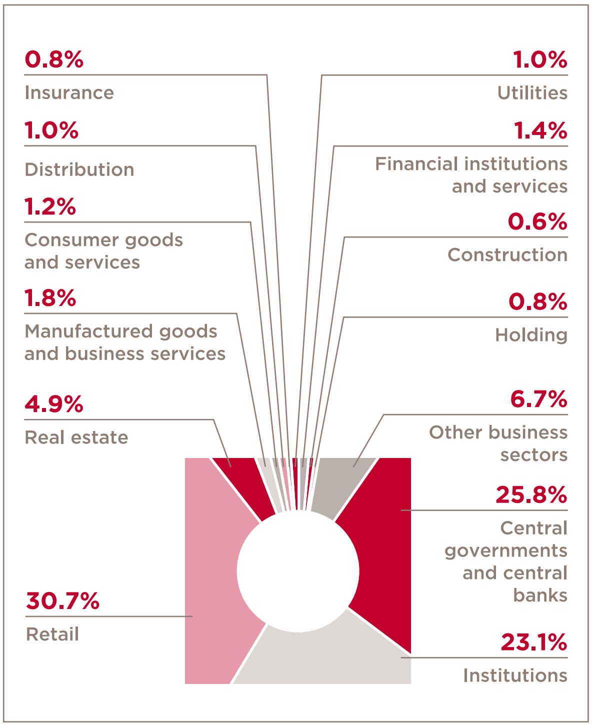
Prudential scope: exposure excluding equities and securitization positions.

(*) Information provided in compliance with IFRS 7.

As of December 31, 2008, the Basel II exposure categories "Central governments and central banks" and "Corporates" accounted for 51.1% of credit risk exposure (excluding equities and securitization positions) and broken down into 65% exposure to credit institutions and 31% to regional government entities.

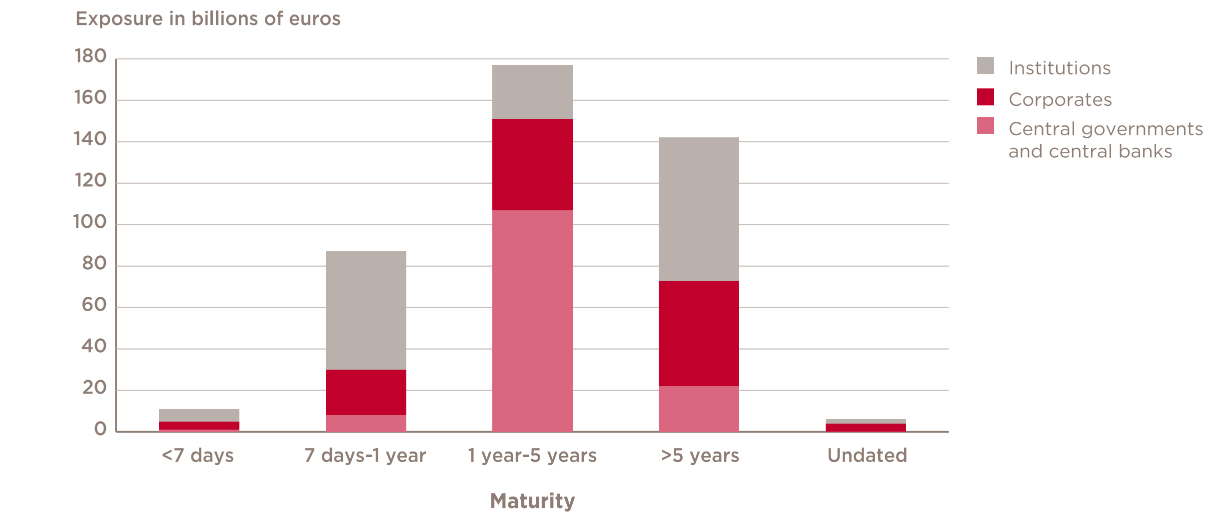
Sectors are based on KMV's counterparty classification.

Breakdown of the credit risk portfolio by Basel II category and by business sector for the corporate exposure category as of December 31, 2007



Prudential scope: exposure excluding equities and securitization positions.

Breakdown of exposure by maturity



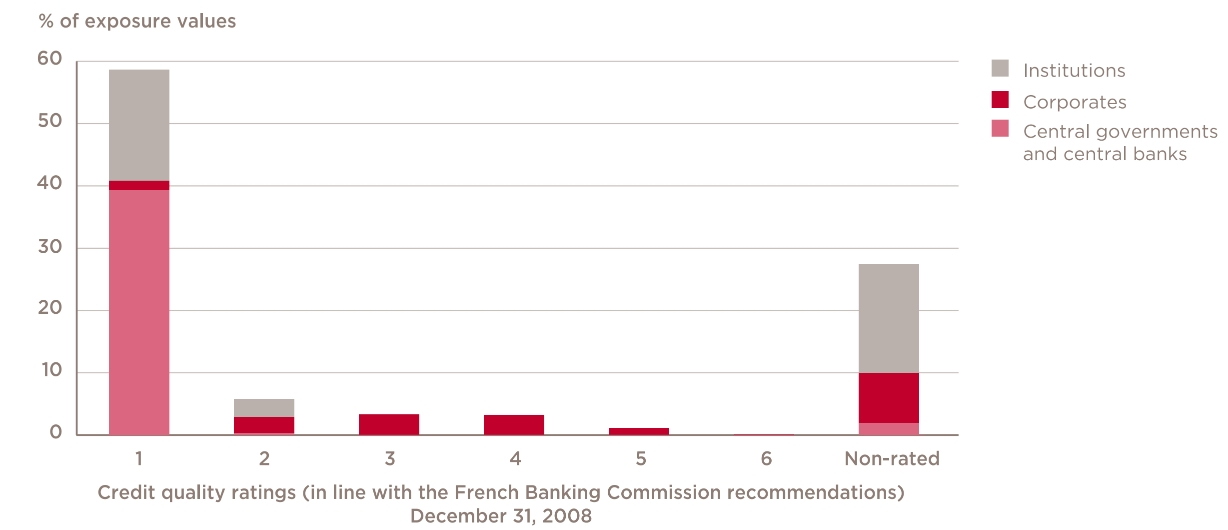
The Group is mainly exposed to residual maturities of one to five years and more than five years.

Quality of the portfolio exposed to credit risk

a) Breakdown of exposure by credit-quality rating (excluding Natixis)

Standardized approach

As of December 31, 2008, exposure was broken down into credit-quality ratings, in line with the recommendations of the French Banking Commission [(1)], as follows:



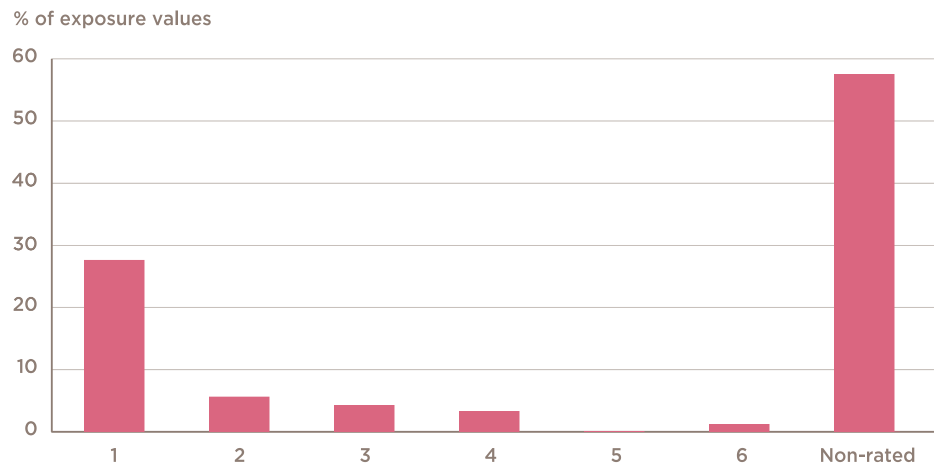
Prudential scope: exposure to corporates, central governments and central banks excluding retail banking customers (for whom no external rating is available).

(1) Information provided in compliance with IFRS 7.

This refers to exposure excluding Natixis, whose portfolios are rated based on an internal system *(see following section).*

"Non-rated" covers exposure for which there is no external rating available. More specifically, this rating includes small and medium-sized enterprises, foreign entities similar to state-owned and regional government entities.

As of December 31, 2007, the credit quality ratings of Groupe Caisse d'Epargne exposure broke down as follows:



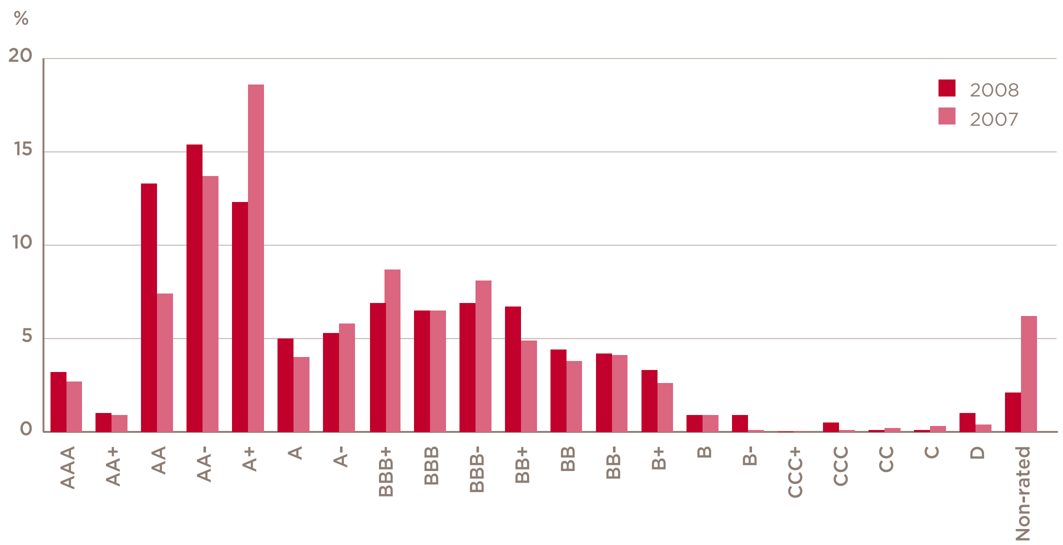
Credit quality ratings (in line with the French Banking Commission recommendations)
December 31, 2008

Internal ratings-based approach

The table below presents the breakdown by exposure rating (corporates, central governments and central banks, institutions) for Natixis, the only Groupe Caisse d'Epargne entity that uses the internal ratings-based approach.

Exposure represents €88 billion of the gross amount of credit risk, i.e. 21% of Groupe Caisse d'Epargne exposure.

Breakdown of the value exposed to risk by internal rating (IRB, Natixis)



b) Impaired assets, past-due loans and credit risk hedging

The credit risk exposure of Groupe Caisse d'Epargne includes €4,757 million in past-due loans and €2,978 million in impaired assets.

It is presented after deduction of €3,543 million in value adjustments and €1,106 million in portfolio-assessed impairment (*data from entities in the prudential consolidation scope*) with changes in 2008 that break down as follows:

In millions of euros	Value adjustments	Portfolio-assessed impairment	**Total**
Balance as of January 1, 2008	(2,583)	(879)	(3,462)
Additions	(1,900)	(380)	(2,280)
Reversals used	167	27	194
Reversals unused	814	180	994
Other changes	(41)	(54)	(95)
BALANCE AS OF DECEMBER 31, 2008	**(3,543)**	**(1,106)**	**(4,649)**
Commercial Banking	(2,346)	(712)	(3,058)
Wholesale Banking and Financial Services	(757)	(345)	(1,102)
Other businesses	(440)	(49)	(489)

Over the period, the Group recorded €603 million in unhedged losses and recovered €41 million in previously impaired asset values.

Exposure to counterparty risk

Counterparty risk is the risk that a counterparty in a transaction, either in the banking or trading portfolio, defaults prior to final settlement of the transaction.

Securities exposed to counterparty risk

The securities exposed to counterparty risk totaled €31,057 million as of December 31, 2008, essentially comprising derivatives taken out by Groupe Caisse d'Epargne to hedge its exposure to market risk, for example interest rate risk and currency risk.

Counterparty risk is mitigated by the impact of netting agreements (net amount due to a given counterparty) and collateral agreements (collateral deposited by certain counterparties). The impact of these agreements is considerable at the Natixis exposure level.

Credit derivatives

As of December 31, 2008, Groupe Caisse d'Epargne held a portfolio of credit derivatives with a notional value of €304,284 million, of which €977 million was attributed to hedging credit risk within Natixis and the CNCE. The credit derivatives used in hedging mainly included credit default swaps (CDS).

The credit derivative transaction portfolio is comprised of €153,554 million in purchases and €149,749 million in sales.

Other

Since September 25, 2008, Crédit Foncier has held the full amount of the €457 million in commercial paper issued by the conduit SIRP with a rating of A-1 (S&P)/P-1 (Moody's), which in fact corresponds to a final AIG risk exposure (this vehicle was not consolidated by Crédit Foncier group beforehand). The exposure recorded involves this investment in commercial paper, fully financed by drawdowns of back-to-back liquidity lines granted by the Crédit Foncier group as part of the SIRP program. SIRP assets are French for the value of the undated subordinated notes and American for the zero coupon portion.

The public S&P and Moody's ratings of the SIRP program have both been placed on negative creditwatch, in line with the current agency ratings of the AIG group, which has been taken over by the U.S. government in a special bailout plan.

4.4.3 Risk diversification and concentration risk

The following table [1] presents exposure to the Group's largest counterparties within a given category.

Groupe Caisse d'Epargne's exposure to corporates is extremely diversified. Its ten largest corporate exposures represent 6% of all exposure to corporates.

As of 12/31/2008	TOP 10	TOP 20	TOP 50	TOP 100
Institutions	14%	20%	32%	43%
Corporates	6%	9%	16%	22%
Securitization positions	26%	39%	60%	77%
Governments and central banks	73%	79%	85%	90%
Equity	42%	55%	72%	85%

As of 12/31/2007	TOP 10	TOP 20	TOP 50	TOP 100
Institutions	26%	34%	46%	55%
Corporates	6%	10%	18%	25%
Securitization positions	26%	38%	62%	80%
Governments and central banks	72%	77%	83%	89%
Equity	25%	37%	57%	73%

4.5 Risk reduction techniques

4.5.1 Valuation and management of instruments comprising real security interest

In order to apply the techniques for reducing credit risk under the standardized approach used to calculate retail risk-weighted assets, Groupe Caisse d'Epargne is revaluing its real security interest. As residential mortgages represent most of the collateral used as real security interest in retail banking (which, along with the guarantees from mutual guarantee societies, account for nearly all the guarantees used in retail banking), Groupe Caisse d'Epargne has put in place a revaluation system.

For each residential mortgage, it calculates the present value of the property using property indices that track the real estate market between the last property valuation and the date the risk weighting was calculated. This is then used to calculate the loan-to-value (LTV) ratio in order to determine the risk weight of outstanding loans based on the value of the real security interest received.

(1) Information provided in compliance with IFRS 7.

SACCEF's rating was lowered in the fourth quarter of 2008, extending the scope covered by the mortgage revaluation tool. S&P's downgrade of SACCEF (now *Compagnie Européenne de Garanties et Caution*-CEGC) from AA- to A+, assuming no change to regulatory approaches, should theoretically have shifted the risk weighting of secured loans from 20% to 50%. However, under the standardized approach, the risk weighting for commitments backed by guarantees with the same force as a mortgage stands at 35%. Accordingly, this weighting is naturally applied to housing loans when the LTV ratio is accurate. The mortgage revaluation approach presented above was applied to these loans for the end-December 2008 calculation, which put the average weighting at about 38% for SACCEF secured loans.

As of December 31, 2008, the real security interest used in the Basel II regulatory calculations concerns mortgages and *privilèges de prêteurs de deniers* (or PPD: special loans for existing property only, with certain advantages for loans for over a certain amount), which only fall into the retail banking scope. Pledges of non-property assets are not taken into account. Given the legal similarities between these two types of security interest, the PPDs are deemed to be mortgages from a regulatory standpoint. This real security interest can reduce the regulatory capital requirement for home loans made to individuals or legal entities to finance the purchase of either residential or rental property. Following the mortgage revaluation process described above, the loan-to-value ratio is used to determine the portion secured by the mortgage or PPD and rate the non-secured portion of each commitment, with regard to the overcollateralization rate of 125% required by regulations, and to assign a risk weighting of 35% or 75% to each tranche, in accordance with the standardized approach.

It should also be noted that when a home loan is secured by both a mortgage and personal guarantees pledged by an approved guarantor, the personal guarantee is given priority over the mortgage in determining the regulatory calculations, as fewer restrictions apply to lending institutions in exercising their rights to personal guarantees than to mortgages or PPDs.

4.5.2 Providers of sureties

The main providers of personal guarantees in retail banking are Mutual Guarantee Societies (notably SACCEF and FGAS for Groupe Caisse d'Epargne) and Crédit Logement.

- SACCEF (CEGC) is a company specialized in guaranteeing bank loans, owned by Natixis Garanties. In the last quarter of 2008, Standard & Poor's downgraded its external rating from AA- to A+, thereby changing the risk weighting calculation for secured loans: 35% or 75% of residential real estate loans and 50% for other types of retail banking loans.
- The *Fonds de garantie à l'accession sociale à la propriété* (FGAS) offers guarantees from the French government for secured loans. As a result, it shares the French state's credit ratings, and loans with FGAS guarantees granted before December 31, 2006 are given a 0% weighting. Due to a change in the FGAS procedures, loans granted guarantees after that date have a risk weighting of 15%.
- Crédit Logement is a financial institution, and a subsidiary of most of the main French banking networks. Its long-term ratings are Aa2 for Moody's and AA for Standard & Poor's, with a stable outlook. Under the standardized approach, loans secured by Crédit Logement have a risk weighting of 20%, resulting from the regulatory weighting that applies to the credit institution deduced from the credit quality rating of the government in the country in which it is established (France in this case).
- Intercompany guarantees (providers of sureties are primarily the different Caisses d'Epargne or Crédit Foncier) with procedures that vary depending on whether the regulatory calculations cover the corporate office or consolidated Groupe Caisse d'Epargne.

Excluding retail banking, the main credit institutions provide the most guarantees.

4.5.3 Impact of the credit risk reduction techniques on Groupe Caisse d'Epargne

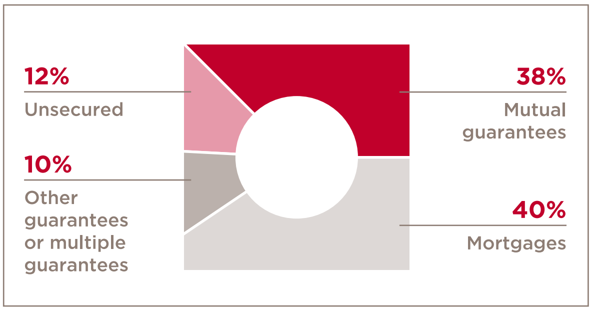
As of December 31, 2008, collateral received under guarantees and security interest obtained by the Group for its loan business or the purchase of guarantees to reduce the Group's exposure to credit risk totaled €45 billion.

The following table presents the amounts of the different credit risk reduction techniques as of December 31, 2008.

In millions of euros	Personal guarantees	Unfunded credit derivatives	Financial guarantees	Other	Total risk reduction techniques
Central governments and central banks	43	0	0	2	45
Institutions	4,739	73	17	1	4,830
Corporates	8,546	1,260	1,974	1,952	13,732
Retail	25,672	0	17	0	25,689
Equity	0	0	0	0	0
Securitization positions	0	376	0	0	376
TOTAL	**39,000**	**1,709**	**2,008**	**1,955**	**44,672**

Outstanding residential real estate loans secured by a SACCEF guarantee are not included. (Mortgages under the standardized approach represent an asset class rather than a risk reduction technique for asset classes).

In the specific case of real estate loan transactions of retail customers, the loan portfolio is secured by collateral and other credit enhancements that reduce the Group's credit risk exposure to this segment. As of December 31, 2008, Groupe Caisse d'Epargne (excluding Natixis) had received the following collateral and credit enhancements on its real estate loan portfolio [(1)].



(1) Information provided in compliance with IFRS 7.

4.6 Securitization

4.6.1 Objectives, business and degree of involvement

Groupe Caisse d'Epargne investments in securitization transactions amounted to €40 billion as of December 31, 2008. Crédit Foncier accounts for 58% of this amount and Natixis group 34%, with the remainder held by Caisse Nationale des Caisses d'Epargne and a very small portion by the Caisses d'Epargne.

The exposures securitized by the Group represent approximately €2 billion and mainly concern Natixis' lending businesses.

Crédit Foncier group is a buyer in securitization deals by way of third parties, primarily European financial institutions selling portfolios of mortgage loans through these deals.

As an originator, Crédit Foncier group also uses securitization for internal purposes, but only to identify mortgages used for specific financing. The securities issued in internal deals remain strictly within Crédit Foncier group. As all of these securities remain on the balance sheet, Crédit Foncier group remains fully exposed to the risk of past-due payments and losses on the underlying mortgages that it has approved. As such, securitization is only used as a refinancing method within the Group and does not expose it to any risk involving security valuation or additional losses.

Crédit Foncier mainly uses securitization to constitute and manage a diversified, high-quality portfolio of mortgage loans outside France comprised of asset classes that are thoroughly understood and managed by the Group by dint of its core business: home loans and loans to local authorities. In the form of securitizations, these positions are also particularly well protected thanks to the very conservative structuring of these deals and the senior position of the tranches held. Simulations of extreme events confirm that these tranches are considerably less exposed to trends in the underlying market than directly-owned assets.

Crédit Foncier group's securitization business primarily consists in purchasing portfolios of mortgage loans in the form of bond securities with the best possible agency ratings (AAA) and strongly hedged against credit, interest rate or currency risk as well as all legal (transfer of property, compliance) and tax (withholdings, etc.) risk.

The majority of these assets are financed through covered bonds and are booked on the Compagnie de Financement Foncier balance sheet. They must therefore meet the regulatory requirements that apply to the assets of Crédit Foncier companies. These super senior securities are comprised of underlying assets that either involve mortgages or are guaranteed by or through a public sector entity. All of these deals benefit from forms of protection that are specific to securitization deals (subordination of junior tranches, reserve account, interest rate differential, protection against currency and interest rate fluctuations).

In order to determine credit quality, the Risk Management department runs a comparative assessment of each new investment proposal based on its specific expertise in the area. The approval process for each new transaction is specific to purchasing mortgage loans, and is defined in conjunction with the CNCE. A specific system of limits also applies to this activity in order to ensure the portfolio's geographic diversity and credit quality concentration per originator.

The Group focuses on underlying assets with a profile of particularly limited risk:

- senior, publicly rated securities;
- residential and, to a lesser extent, commercial mortgages;
- public sector loans sponsored by a sovereign (FFELP student loans in the United States, NHG loans in the Netherlands) or a local authority (healthcare securitizations in Italy).

In 2008, the Caisse Nationale des Caisses d'Epargne decided to drastically reduce the level of market risk in its financial portfolio. The proprietary/medium-long-term portfolios are now being managed on a run-off basis.

4.6.2 External credit approach and rating

Groupe Caisse d'Epargne scope excluding Natixis

Approaches used

As of December 31, 2008, the amounts of risk-weighted exposures of securitization positions were calculated using the standardized approach for all Groupe Caisse d'Epargne entities (excluding Natixis), whether it be for investments within tranches, sponsors of securitization vehicles or originator (business specific to Crédit Foncier and Natixis).

External credit rating

As of December 31, 2008, the risk weighting of invested securitization positions was determined using the tranche's external ratings set by the three major rating agencies, Moody's, Standard & Poor's and Fitch. In the absence of an external rating for the tranche, a risk weighting of 1,250% of the exposure is applied.

Accounting methods used for securitization

The accounting, derecognition and valuation methods for financial assets and liabilities involved in securitization deals were defined in accordance with IAS 39 *Financial Instruments: Recognition and Measurement* and are described in the Groupe Caisse d'Epargne accounting rules and principles.

4.6.3 Exposure of Caisse d'Epargne to securitization deals

Exposures securitized by Groupe Caisse d'Epargne

As of December 31, 2008, the outstanding exposures securitized by Groupe Caisse d'Epargne totaled €2,098 million and exclusively involved synthetic securitization deals that were part of Natixis' lending business (€2,042 million) and the Crédit Foncier group (€57 million).

Groupe Caisse d'Epargne has not securitized any impaired assets or exposures to past-due payments.

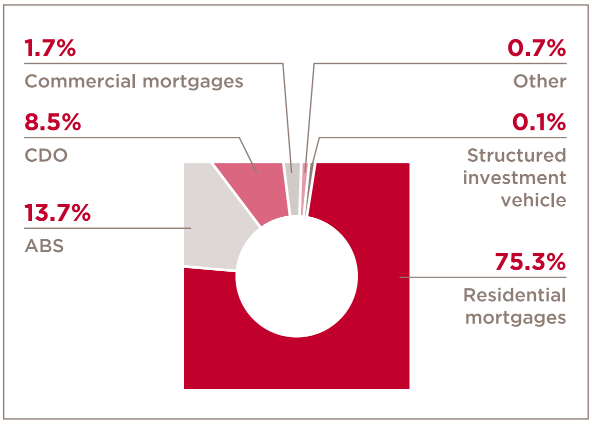
Securitization positions maintained or acquired

As of December 31, 2008, Groupe Caisse d'Epargne held €40,109 million in securities from securitization deals, of which €38,010 million in traditional securitization outstandings.

A detailed listing of the securitization positions that meet the criteria set by the Financial Stability Forum, used in for FSF reporting, is provided in Section 4.7.

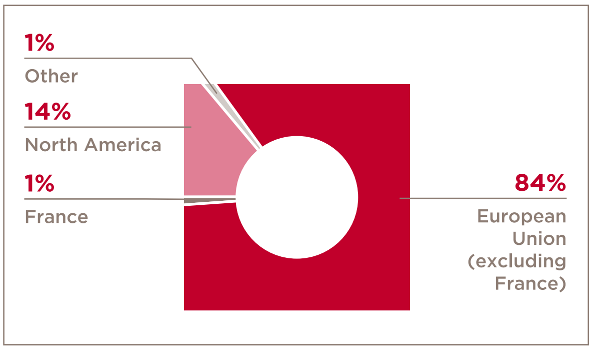
The outstanding securities are broken down below according to type of securitized asset, geographic region and quality (risk weighting). The exposures presented do not include Natixis exposures, which amount to €13,798 million, i.e. 34% of total Groupe Caisse d'Epargne exposure. They are presented in detail in Section 4.7.2.

Breakdown by type of Groupe Caisse d'Epargne securitized asset (excluding Natixis)



Predominantly securitizations of home loans as a result of Crédit Foncier exposures.

Breakdown by Groupe Caisse d'Epargne geographic region (excluding Natixis)



Breakdown by risk weighting

Some 96% of the securities exposed to risk are securitized, with a risk weight of 20%.

Renewable securitized exposures, with a distinction between originator and investor interest

The Crédit Foncier group uses securitization for internal purposes but only to identify special financing mortgages, notably through SCF or VMG. The securities issued in internal deals remain strictly within Crédit Foncier group. No investor interest outside the Crédit Foncier scope was noted for these intercompany transactions. These transactions do not generate any additional outside risk for Crédit Foncier and in no way reduce the risk borne by the group through its proprietary portfolio of loans to individual customers.

4.7 FSF Reporting

In its April 7, 2008 report, the Financial Stability Forum (FSF) issued a series of recommendations in response to the credit crisis, dealing chiefly with transparency, asset valuation, risk management and credit rating agencies.

Acting on the conclusions of the Senior Supervisors Group's report, the FSF urged improvements to be made in the following five areas of financial reporting:

- Collateralized Debt Obligations (CDOs) and exposure to monolines and other providers of credit enhancement;
- exposures to commercial mortgage-backed securities (CMBS);
- other subprime and Alt-A exposures (RMBS, loans, etc.);
- special-purpose entities;
- leveraged finance/LBOs.

These topics were taken up by a working group bringing together the FBF, the SGCB and the AMF, commissioned to implement the FSF recommendations in France. Financial information checklists were drawn up on the five aforementioned areas (see below).

For purposes of clarity, Natixis exposures are presented separately from the exposures relating to other Groupe Caisse d'Epargne entities.

4.7.1 Exposure of Caisse d'Epargne (excluding Natixis)

Sensitive exposure to be published in FSF reporting mainly consists of durably impaired positions or those deemed to have a strong probability of long-term impairment as of December 31, 2008.

Sensitive Collateralized Debt Obligations (CDOs) and exposure to monolines and other providers of credit enhancement

Unhedged sensitive CDO exposures

In millions of euros						
Type of portfolio	US ABS CDOs					**Total**
Number of securities	9	4	2	1	6	22
Accounting portfolio (trading, fair value option, AFS, etc.)	AFS	AFS	AFS	AFS	FVO	
Type of tranche (super senior, mezzanine, junior, etc.)	Non senior	Non senior	Senior	Senior	Non senior	
Type of underlying assets (high grade, mezzanine, etc.)	High grade	Mezzanine	High grade	Mezzanine	Mezzanine	
Attachment point (min - max) (in %)	(2.96 - 11.1)	(9 - 26.9)	(19 - 36.61)	66.76	(2.3 - 42)	
% of underlying subprime assets	31%	28%	1%	16%	28%	
o/w originated in 2005 or prior	*13%*	*19%*	*1%*	*16%*	*17%*	
in 2006	*13%*	*8%*	*nc*	*0%*	*8%*	
in 2007	*6%*	*2%*	*nc*	*0%*	*3%*	
% of underlying Alt-A assets	10%	11%	3%	0%	1%	
% of underlying mid-prime assets	nc	nc	nc	0%	30%	
Gross exposure (gross value on balance sheet before impairment) (a)	**103**	**24**	**6**	**5**	**29**	**167**
Total impairment recorded on the income statement as of 12/31/2008 (since inception) (b)	(101)	(24)	(4)	(1)	(24)	(154)
o/w isolated impairment in 2008	*(30)*	*(12)*	*(0)*	*2*	*(6)*	*(46)*
Total value changes recorded under equity as of 12/31/2008 (since inception) (c)	-	-	-	-	-	-
Net exposure (net value of impairment) (a+b+c)	**2**	**-**	**2**	**4**	**5**	**13**
% total discounts on CDOs as of 12/31/2008 (b+c)/a	98%	100%	65%	11%	84%	93%
CDO rating: breakdown as a % of net exposure						
% AAA	0.0%	0.0%	0.0%	100.0%	0.0%	
% AA and A	0.0%	0.0%	0.0%	0.0%	99.5%	
% BBB and lower	100.0%	100.0%	100.0%	0.0%	0.5%	

All 22 U.S. ABS CDOs held by Groupe Caisse d'Epargne (excluding Natixis) as of December 31, 2008, are broken down in the table above.

U.S. ABS CDOs constitute net exposure (excluding Natixis) of €13 million as of December 31, 2008 (versus €35 million as of June 30, 2008).

Given the deterioration in the credit quality of the collateral since 2007 (coinciding with the beginning of the crisis), which intensified throughout 2008, the gross exposure of these CDOs was written down by an average of 93% (as opposed to an average of 78% as of June 30, 2008).

Other positions held by Groupe Caisse d'Epargne (excluding Natixis) in CDOs not exposed to the U.S. housing market but considered "at-risk" are broken down in the two following tables depending on the:

- type of securities in the portfolio; and
- the accounting portfolio:
  - securities accounted for under the fair value option,
  - available-for-sale securities,
  - securities classified as loans and receivables (L&R).

In millions of euros Type of portfolio	Cash flow corporate CDO	CPPI	CPDO	CPDO	SIV	SIV	CLO	Synthetic corporate CDO	Synthetic corporate CDO	LSS
Number of securities	1	7	3	1	2	1	1	6	13	4
Accounting portfolio	AFS	FVO	FVO	FVO	AFS	L&R (1)	L&R (1)	FVO	FVO	FVO
Type of tranche	Non senior				Non senior	Non senior	Non senior	Non senior	Senior	Super Senior
Type of underlying asset	US Corporate and high grade emerging country bonds	CDS	iTraxx and CDX indices	CDS	ABS and financial commit-ments	ABS and financial commit-ments	Leveraged loans	CDS	CDS	CDS
Attachment point (min-max) (in %)	0						0	(0-3.52)	(1.68-6.6)	(30-30)
Gross exposure (gross value on balance sheet before impairment and write-downs (a)	**0.7**	**26.0**	**53.0**	**20.0**	**21.3**	**20.0**	**7.6**	**35.0**	**113.0**	**55.0**
Total impairment and write-downs recorded on the income statement as of 12/31/2008 (since inception) (b)	(0.7)	(5.2)	(44.7)	(15.4)	(21.3)	(20.0)	(6.6)	(31.8)	(106.2)	(47.2)
o/w impairment and write-downs in 2008	*0*	*(4.6)*	*(37.9)*	*(13.1)*	*(12.8)*	*(12.0)*	*(6. 6)*	*(25.6)*	*(85.4)*	*(39.0)*
Total value changes recorded under equity as of 12/31/2008 (since inception) (c)	-	-	-	-	-	-	-	-	-	-
Net exposure (net value of impairment) (a+b+c)	**-**	**20.8**	**8.3**	**4.6**	**-**	**-**	**1.0**	**3.2**	**6.8**	**7.8**
% total discounts as of 12/31/2008 (b+c)/a	100%	20%	85%	77%	100%	100%	87%	91%	94%	86%

(*) *CNCE negative basis trade.*

(1) *These categories include reclassified securities pursuant to the amendement to IAS 39 on October 13, 2008. The impact of these reclassifications are detailed in Note 5.7 to the consolidated financial statements.*

(continued)

In million of euros Type of portfolio	EDS CDO	FX CDO	Corporate synthetic CDOs	Corporate synthetic CDOs	LSS	**Sub-Total**	ABS CDOs (*)	CLO (*)	CLO (*)	**TOTAL**
Number of securities	1	1	1	11	3	56	1	2	1	60
Accounting portfolio	FVO	FVO	FVO	FVO	FVO		L&R (1)	L&R (1)	Trading	
Type of tranche	Mezzanine	Mezzanine	Non senior	Senior	Super senior		Senior	Senior	Senior	
Type of underlying assets	Equity Default Swap	FX Options	CDS	CDS	CDS		European mezzanine ABS	Leveraged loans	Leveraged loans	
Attachment point (min-max) in %	14	36.67	7.1	(3.29-6.86)	(25-30)		31.5	(31.5-42.95)	(43.5-43.5)	
Gross exposure (gross value on balance sheet before impairment) (a)	**10.0**	**10.6**	**10.0**	**112.7**	**64.2**	**559.2**	**209.2**	**478.5**	**131.9**	**1 378.9**
Total impairment and write-downs recorded on the income statement for the period ended 12/31/2008 (since inception) (b)	(7.4)	(9.1)	(8.7)	(94.3)	(50.3)	(468.9)	-	-	(23.0	(491.9)
o/w impairment and write-downs in 2008	*(7.4)*	*(7.5)*	*(7.8)*	*(75.3)*	*(38.8)*	*(373.9)*	-	-	*(20.4)*	*(394.3)*
Total value changes recorded under equity at 12/31/2008 (since inception) (c)	-	-	-	-	-	-	-	-	-	-
Net exposure (net value of impairment) (a+b+c)	**2.6**	**1.5**	**1.3**	**18.5**	**13.9**	**90.3**	**209.2**	**478.5**	**109.0**	**887.0**
% total discounts as of 12/31/2008 (b+c)/a	74%	86%	87%	84%	78%	84%	0%	0%	17%	36%

(*) CNCE negative basis trade.

(1) These categories include reclassified securities pursuant to the amendement to IAS 39 on October 13, 2008. The impact of these reclassifications are detailed in Note 5.7 to the consolidated financial statements.

These positions can be grouped into two major product categories:

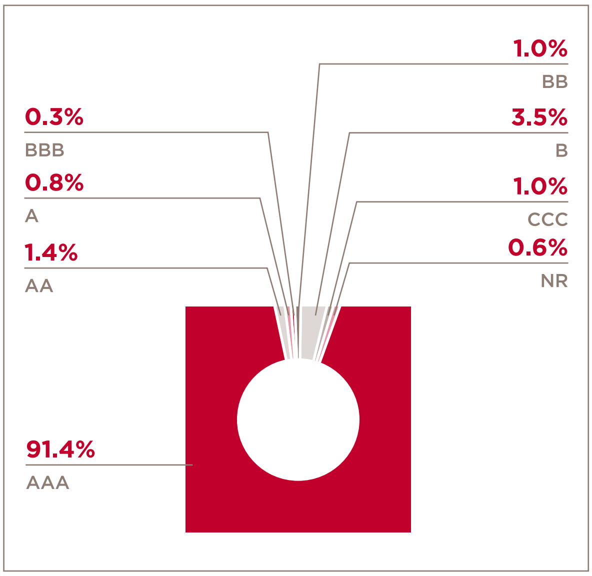
- cash flow CDOs comprising ABS CDOs, Collateralized Loan Obligations (CLO), Investment Grade CDOs (IG CDO) and Structured Investment Vehicles (SIV);
- synthetic products made up of Synthetic Corporate CDOs (CSO), Constant Proportion Debt Obligations (CPDO), Constant Proportion Portfolio Insurance (CPPI), Leveraged Super-Senior Swaps (LSS) and Market Risk CDOs (FX CDOs and EDS CDOs). These products are particularly sensitive to trends in underlying credit spreads (or trends in underlying markets for Market Risk CDOs) and are highly leveraged.

As of December 31, 2008, the Group had 60 positions, representing a net exposure of €887 million, backed by a broad range of underlyings: mezzanine tranches of European ABS, corporate or financial obligations, emerging market debt, credit derivatives (CDS or iTraxx and CDX indexes) or leveraged loans.

Geographically speaking, the underlying portfolios are either concentrated in a geographical region (e.g. European or U.S. CLO) or very diversified (e.g. synthetic or similar CDOs listing the main CDSs traded on the market).

Overall, this category of assets was heavily impacted by the crisis. As of December 31, 2008, 5.5% of total exposure was not investment grade.

Breakdown of CDOs excluding US ABS CDOs by rating (net exposure)



The net exposure includes four negative basis trades contracted with CIFG and Lehman Brothers, respectively, (three U.S. CLOs and one CDO of European ABS totaling €797 million, or 90% of total net exposure). The underlying securities are rated AAA by two rating agencies, which explains the high proportion of AAA-rated assets in the portfolio.

Due to the strong intrinsic quality of the underlying assets, the three securities that were reclassified as "Loans and receivables" on July 1, 2008 were not durably impaired as of December 31, 2008.

It should be noted that the last tranche of securities was not reclassified, and its value was determined by its sale price (transaction in January 2009).

Lastly, the €394 million in value adjustments for fiscal year 2008 is a result of:

- losses on synthetic corporate CDOs (€194 million, i.e. 49% of the total) due to their significant exposure to eight defaults recorded in the second half of 2008: Fannie Mae, Freddie Mac, Lehman Brothers, Washington Mutual, the three Icelandic banks and Tribune;
- losses on market value CDOs such as LSSs and CPDOs (€129 million, i.e. 33% of the total), which are extremely sensitive to the widening of credit spreads of the underlying portfolios since the failure of Lehman Brothers.

Protection purchased from counterparties to hedge CDO exposures

Protection purchased by the Caisse Nationale des Caisses d'Epargne

In millions of euros	As of 12/31/2008				
	Gross notional amount of protection purchased	Gross notional amount of hedged CDOs	Impairment of hedged CDOs	Fair value of the protection before value adjustments and hedging	Value adjustments booked on protection
Protection for other CDOs (with significant impact on financial statements)					
purchased from monolines					
purchased from CDPC [(1)]					
purchased from other counterparties [(2)]	*506*	*506*	*(137)*	*137*	*0*
TOTAL PROTECTION PURCHASED FOR HEDGED CDOS	**506**	**506**	**(137)**	**137**	**0**

(1) Credit Derivative Product Companies.
(2) Counterparty risk with respect to providers of protection (European banks) is hedged by the margin calls paid to the CNCE.

This exposure is linked to negative basis trades entered into by the CNCE on senior tranches of U.S. or European CLOs or European ABS CDOs, which were rated AAA by two agencies as of December 31, 2008.

Protection was purchased from leading European banks. In the second half of 2008, the other negative basis trades involving a total nominal amount of €1.76 billion were unwound without any losses for the Group.

Protection purchased by Crédit Foncier group

The Crédit Foncier group benefits from credit enhancements in the form of financial guarantees covering a portfolio of approximately €5.8 billion.

These guarantees reflect the indirect exposure of Crédit Foncier group to monoline insurers and represent an additional guarantee for the enhanced asset. These guarantees are not valued or accounted for in Crédit Foncier's balance sheet. Only the enhancement premium is booked as an expense when the credit enhancement is separate from the security or loan.

The credit enhancements purchased from these monoline insurers were given in respect of gilt-edged portfolio assets held by Crédit Foncier group (loans or securities) granted to sovereigns, local authorities or public institutions. In all cases, Crédit Foncier group has a first right of recourse against a counterparty other than the monoline.

Breakdown by rating of underlying asset and monoline insurer

In millions of euros

Intrinsic rating (before enhancement)	AA+ to AA-	A+ to A-	BBB+ to BBB-	Non-rated	**Total**	%
Monoline rating						
AAA	893	768	304	51	2,016	34%
BBB+	126	664	17	205	1,012	17%
B-	1,144	1,237	250	74	2,705	46%
CCC	-	-	-	123	123	2%
TOTAL	**2,162**	**2,669**	**571**	**454**	**5,857**	**100%**
%	37%	46%	10%	8%	100%	

- Breakdown of the enhanced portfolio based on the IFRS net carrying amount in millions of euros as of December 31, 2008;
- the monoline insurer rating represents the lesser of the two best agency ratings out of S&P, Moody's and Fitch as of December 31, 2008. The intrinsic rating of the underlying asset corresponds to its Basel II rating prior to the credit enhancement as of the same date;
- credit enhanced assets are of an intrinsically high quality: excluding enhancements, 37% of this portfolio is Step 1-rated (>=AA-) and 83% is Step 2-rated (>=A-);
- the 8% "non-rated" portion is not publicly rated but considered to be investment grade by Crédit Foncier.

Exposure to risk-at risk Commercial Mortgage-Backed Securities (CMBS) and U.S. CRE CDOs (Commercial Real Estate CDOs)

Out of these two asset classes, the FSF scope covers all exposure to risk CMBS and CRE CDO (Commercial Real Estate CDOs) tranches exposed to the U.S. commercial real estate market as of December 31, 2008 (1).

Exposure to at-risk CMBSs

As of December 31, 2008, Crédit Foncier group held two mezzanine tranches of a single at-risk CMBS issue for a total amount of €98 million. As of December 31, 2008,

(1) US CRE CDOs were reclassified pursuant to the amendment to IAS 39 on October 13, 2008. The impact of these reclassifications is explained in Note 5.7 of the consolidated financial statements.

these two tranches were rated BB/B and BB- respectively following downgrades in the second half of the year (the borrower filed for bankruptcy in November 2008). These two tranches of CMBSs are backed mainly by mortgages on an office building in the La Défense district. Based on the October 2008 valuation, the LTV ratio of the tranches held by Crédit Foncier stood at 94.8% and 98.6% respectively. A portfolio-based provision could be taken for these positions, which were placed on watchlist in the second half of 2008.

Groupe Caisse d'Epargne (excluding Natixis) is not significantly exposed to any other at-risk CMBSs.

Exposure to U.S. CRE CDOs

As of December 31, 2008, the CNCE was exposed to a net total of €24 million (€39 million gross) in U.S. CRE CDOs, including CDOs with collateral, mainly comprised of junior tranches of CMBS and non-investment grade mezzanine loans. The tranches of CRE CDOs that make up CNCE's exposure are deeply subordinated. However, the assets comprising the collateral are strongly correlated. Furthermore, this exposure is extremely sensitive to trends in U.S. commercial real estate prices.

Other at-risk exposure (RMBS, U.S. loans, etc.)

Crédit Foncier's RMBS portfolio did not include any at-risk instruments as defined by the criteria set out in the FSF report. Exposure amounting to €2.4 billion as of December 31, 2008 is, however, being closely monitored as it bears a higher level of migration risk in terms of ratings than the rest of the portfolio. This exposure is used as a basis to calculate the portfolio-based provision, but was not being monitored as of December 31, 2008.

Other Groupe Caisse d'Epargne entities (excluding Natixis) have no risk exposure in this category.

Special-purpose entities

Groupe Caisse d'Epargne (excluding Natixis) did not have any significant exposure to special purpose entities as of December 31, 2008.

Leveraged finance/LBOs

Gross exposure to direct leveraged transactions

In millions of euros	**12/31/2008**	12/31/2007
Final shares		
Number of files	862	878
Commitments	1,456	1,476
Shares for sale		
Number of files	0	0
Commitments	0	0
TOTAL	**1,456**	**1,476**

As of December 31, 2008, the gross exposure of Groupe Caisse d'Epargne (excluding Natixis) to leveraged transactions amounted to €1,456 million, versus €1,476 million a year earlier.

Exposures were identified in groupe Palatine (43%), Caisses d'Epargne (37%), Crédit Foncier group (18%) and Océor group (2%).

The Group did not have any portions to be syndicated as of December 31, 2008.

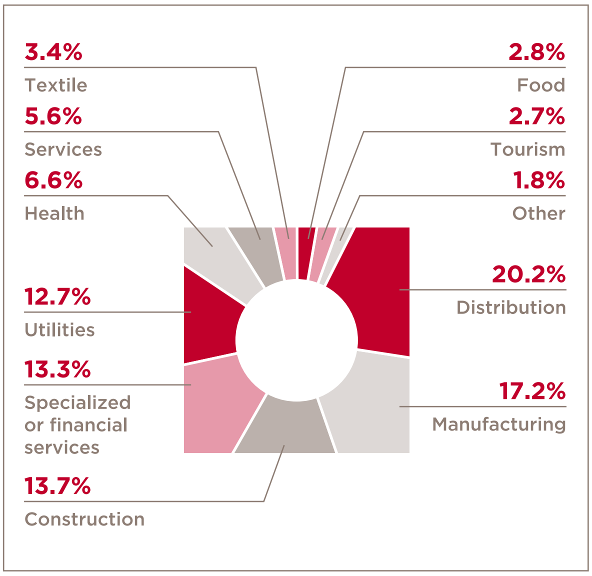
Change in exposure to direct leveraged transactions

In millions of euros	Gross exposure as of 12/31/2007	Sales/ transfers in 2008	Impairment in 2008	Other changes (including exchange rate impact) in 2008	Net exposure of impairment as of 12/31/2008
LBO exposure					
Final shares	1,476	(20)	(50)		1,406
Shares for sale					
TOTAL	**1,476**	**(20)**	**(50)**		**1,406**

Groupe Caisse d'Epargne (excluding Natixis) had net exposure of €1,406 million, down slightly on 2007.

The impairment, representing €50 million, was dominated by the construction/real estate development sector to the tune of 46.6%.

Segment-based breakdown



Target companies are primarily located in France (98%) and, to a lesser extent, in Germany (2%).

Exceptional arrangements for LBOs

Given the deterioration in the leveraged buyout market since 2007, a special system was put in place for 2008, involving a counter-analysis of risks of over €3 million where senior debt is higher than €10 million at the level of the Group Risk Management department.

Other sensitive exposures (Lehman Brothers, Madoff, Icelandic banks)

Exposure to the Madoff fraud

Groupe Caisse d'Epargne was not directly exposed to any Madoff funds.

The indirect exposure of Groupe Caisse d'Epargne (excluding Natixis) to Madoff Investment Securities LLC is estimated at about €8 million (through investments in funds that had invested in Madoff funds or other financial instruments exposed to Madoff funds) and breaks down into €1 million for the Caisse Nationale des Caisses d'Epargne and €7 million for the Caisses d'Epargne.

The Madoff risk is factored into the asset value of the funds in question.

Icelandic banks

The net exposure of Groupe Caisse d'Epargne (excluding Natixis) to the Icelandic banking sector amounted to €1 million as of December 31, 2008.

Total exposure amounted to €22 million, of which an average of 95% was covered by provisions. The exposure concerned two banks under protection by the Icelandic government since October 2008 (Kaupthing Bank and Landsbanki Islands), and mainly involves debt securities. The limits of these counterparties have been frozen.

Lehman Brothers

The net exposure of Groupe Caisse d'Epargne (excluding Natixis) as of December 31, 2008 to Lehman Brothers stood at €17 million as of December 31, 2008 excluding securitization exposures mentioned in the sections above.

This exposure represents €144 million, of which €102 million in debts resulting from the termination of derivatives, €31 million in debt instruments and €11 million in real estate development transactions in France.

This exposure is provisioned for 88%, and the limits of this counterparty have been frozen.

4.7.2 Natixis exposures

The Natixis exposures are presented below **based on their full amount (100%)**, as shown in the Natixis financial statements. These exposures do not represent the portion of Groupe Caisse d'Epargne.

CDOs

Unhedged ABS CDOs exposed to the U.S. housing market

Subprime ABS CDO portfolios

These unhedged cash or synthetic portfolios are mainly held by Natixis Capital Market North America and Natixis.

Subprime ABS CDOs (unhedged) *(in millions of euros)*	#1	#2	#3	#4	#5	#6	#7	#8
Gross exposure (net value on balance sheet before impairment/write-downs)	208	194	275	379	567	415	157	113
Type of tranche	Supersenior	Mezzanine	Supersenior	Supersenior	Supersenior	Supersenior	Supersenior	Supersenior
Accounting portfolio	Trading	Trading	Trading	Fair Value Option	Fair Value Option	Trading	Trading	Trading
Type of underlying asset	Mezzanine	Mezzanine	Mezzanine	High Grade	High Grade	High Grade	Mezzanine	Mezzanine
Attachement point	28.0%	Average: 28.0% Minimum: 10.0%	60.3%	0.0%	20.0%	13.6%	46.7%	77.7%
% underlying subprime assets	89.3%	61.4%	53.2%	19.1%	8.3%	7.5%	68.2%	84.6%
o/w originated in 2005 and prior	19.6%	35.4%	43.4%	16.0%	7.0%	5.7%	60.0%	15.7%
in 2006 and in 2007	69.7%	26.0%	9.8%	3.1%	1.3%	1.8%	8.2%	68.9%
% underlying Alt-A assets	2.8%	7.9%	3.9%	0.6%	1.1%	1.4%	0.5%	4.1%
% mid-prime assets -> underlying prime	2.2%	11.2%	7.2%	4.4%	1.5%	2.4%	11.7%	2.8%
Total impairment and write-downs since inception	(196)	(187)	(262)	(81)	(124)	(52)	(102)	(101)
Value adjustments and impairments and write-downs in 2008	(36)	(29)	(166)	(50)	(124)	(52)	(102)	(101)
Impact of exchange rate fluctuations	(1)	(2)	(19)	(8)	(8)	(3)	(8)	(10)
% total discounts on CDOs as of 12/31/2008	94.3%	96.4%	95.2%	21.4%	21.9%	12.6%	65.2%	89.4%
NET EXPOSURE (TOTAL IMPAIRMENT AND WRITE-DOWNS) AS OF 12/31/2008	**12**	**7**	**13**	**298**	**443**	**363**	**55**	**12**
NET EXPOSURE (TOTAL IMPAIRMENT AND WRITE-DOWNS) AS OF 12/31/2007	**49**	**36**	**180**	**420**	**546**	**397**	**241**	**398**

The notional amount of ABS CDOs with a subprime component is subject to a total commutation of €581 million. The fair value of these transactions amounted to €340 million as of December 31, 2008 and has ben fully written off.

The gross amount of subprime ABS CDOs protected by monolines stood at €1,393 million as of December 31, 2008. These exposures include €581 million in ABS CDOs hedged by CDSs taken out with CIFG and cancelled under the commutation agreement signed with CIFG.

Valuation methodology

Directly held ABS CDO portfolios with subprime exposure were valued using stress tests run by the Natixis Risk Management department according to the approach adopted on December 31, 2007. The loss rate assumptions applied on December 31, 2007 were revised for the latest valuation, as follows:

Loss rate assumptions per vintage	2005 vintage	2006 vintage	2007 vintage
As of December 31, 2007	9%	23%	23%
As of June 30, 2008	10%	25%	25%
As of December 31, 2008	11%	25%	30%

A loss rate of 7.5% is applied for loans originated prior to 2005.

Moreover, given the significantly lower rating of some 2005 vintage assets, and based on the anticipated deterioration in their final performance, the valuation model was adjusted as follows:

- discounting by 97% the underlying value of collateral assets rated below CCC+.
- valuation of non-subprime underlying assets held in the structures based on a discounting grid including type, rating and vintage of the transactions.

This model mainly uses non-observable data and is based on level three of the fair value hierarchy.

With the application of this model, losses since the beginning of the year amount to €655 million.

Sensitivity analysis

The total loss rates used to determine the fair value of CDOs rose by 10%, which had the following impacts:

- unhedged ABS CDOs: €13 million increase in unrealized losses;
- ABS CDOs hedged by CDSs under the commutation agreement with CIFG: €17 million increase in unrealized losses.

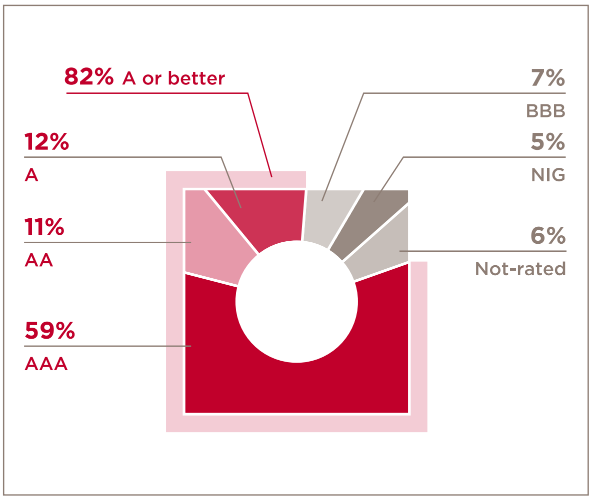
A 10% drop in the sensitivity of the excess spread assumption would have the following impact:

- €7 million increase in unrealized losses on unhedged ABS CDOs;
- €6 million increase in unrealized losses on ABS CDOs hedged by CDSs under the commutation agreement with CIFG.

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

Residual exposure stood at €3,543 million, including 67% of CLOs.

Breakdown of residual exposure by rating



Valuation methodology

Valuation models were used to place a value on the following assets from securitization transactions for which no price could be determined as of December 31, 2008:

- scoring techniques for U.S. non-residential ABS CDOs. These techniques assign a level of risk to each product based on discriminating criteria;
- for CRE CDOs, stress-testing was used based on a valuation model applied with projected future cash flows depending on total loss rates per structure.

Total loss rates per structure are determined based on those relating to underlying CRE loans set at 10%. Monoline guarantees for hedged structures are taken into account by integrating the probability of default valuation of monolines and their loss given default rate. A minimum price of 15% is used along with coupon flow estimates given the current rating of structures;

- for Trups CDOs, stress-testing was used based on a valuation model applied with projected future cash flows and total loss rates per structure. Total loss rates were determined based on 84 scenarios breaking down the defaults applied to this asset classes published by S&P in November 2008. All of the scenarios were implemented for each structure, and the average of the 42 worst scenarios taken into account to determine the price of each transaction;
- for CLOs, a model was used based on detailed knowledge of transaction characteristics and credit risk, taking stress parameters into account;
- for the ABS in the Natixis Asset Management and Natixis Assurances portfolio purchased from the ABS+ investment fund, a valuation model was used, which consisted in computing the prices of the ABS based on the spreads resulting from historical benchmark data in the "Mark-it" database. A trend coefficient was then applied to adjust for liquidity risk.

Protection purchased

From monolines

Data as of 12/31/2008 *(in billions of euros)*	Notional amount	Exposure prior to value adjustment	Value adjustments
Insurance on subprime CDOs	1,393	757	(627)
Insurance on non-subprime CDOs	149	21	(21)
Insurance on CLOs	5,683	210	(68)
Insurance on RMBSs	927	164	(50)
Insurance on CMBSs	3,987	800	(361)
Other risks	6,220	1,240	(401)
TOTAL INCLUDING COMMUTATION DEALS	**18,358**	**3,190**	**(1,528)**

From CDPCs

An addition of €156 million was made to the portfolio-assessed provision on the Credit Derivatives Products Companies (CDPCs) sector over the period. This provision was calculated by taking the gross economic exposure plus a 20% add-on to the notional amount, before subtracting the fair value of the contracts. A probability of default of seven years is also applied based on Moody's historical data and the counterparty risk quality. The collective provision on CDPCs totaled €190 million as of December 31, 2008. This compares with a basis for provision of €2,016 million as of December 31, 2008, up from €353 million as of December 31, 2007. The increase was mainly attributable to the widening of credit spreads on underlyings.

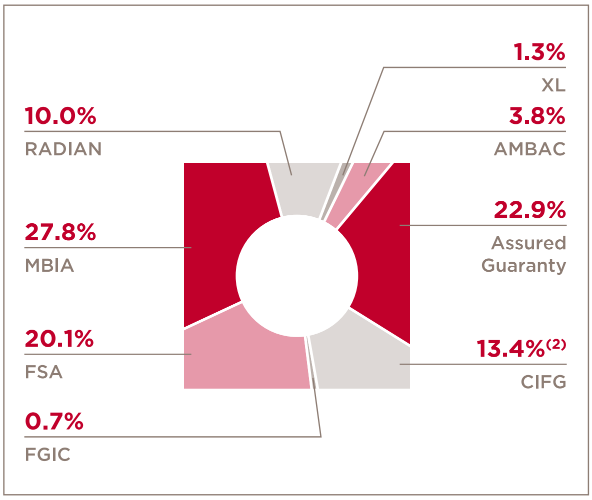
Moreover, an allowance was recognized on a particular enhancement transaction due to a change in the credit quality of the counterparty. As of December 31, 2008, the allowance established represented €83 million, for an economic exposure of €539 million.

Monolines

Residual exposure to counterparty risk for monoline insurers

Data as of 12/31/2008 *(in millions of euros)*	Total	Total excluding commutation deals
Exposure prior to value adjustments	3,190	2,825
Value adjustments	(1,528)	(1,162)
Portfolio-assessed provisions	(300)	(300)
RESIDUAL EXPOSURE	**1,363**	**1,363**
% discount	57%	52%

Breakdown of residual exposure by counterparty (1)



Breakdown of commuted CIFG positions

In millions of euros	Notional	Value adjustments (3)
CDOs including underlying subprime assets	581	(340)
CDOs with no underlying subprime assets	149	(21)
CMBS	300	(5)
TOTAL	**1,030**	**(365)**

(1) Before taking into account the collective provision of €300 million, i.e., on a residual exposure of €1,662 million.

(2) Non-commuted portion.

(3) Decrease in value of unhedged underlyings.

Valuation and sensitivity assumptions

Fair market value of protection before value adjustments:

- the economic exposure of ABS CDOs containing subprime components was determined by using the method detailed below;
- the economic exposure of other types of assets was determined by using either mark-to-market or mark-to-model methodology.

Value adjustments:

- three monoline groups are differentiated on the basis of their credit rating. They are therefore allocated 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 set 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.

The sensitivity of value adjustments on monoline exposures:

- increases of 10% in probabilities of default of monoline insurers (i.e. PD = 16.5% for group 1 and 50% for group 2) and 10% in loss rates for ABS CDOs with a subprime component would result in a further downward value adjustment of -€96 million.

Unhedged CMBSs

In millions of euros	Net exposure as of 12/31/2007	IAS 39 Reclassifications	Impairment (2008)	Other changes (2008)	**Net exposure as of 12/31/2008**	Gross exposure as of 12/31/2008
Trading portfolio	895	(9)	(132)	(68)	687	796
Fair value option asset portfolio	177		(9)	(124)	44	54
Available-for-sale asset portfolio	370	(150)	(76)	55	199	258
Loans and receivables portfolio	5	159	0	(7)	157	157
TOTAL	**1,447**	**0**	**(217)**	**(143)**	**1,087**	**1,265**

For the valuation of its exposures to CMBS, Natixis group used the market price as of December 31, 2008 in the same way as of previous reporting dates.

Breakdown of net exposure as of December 31, 2008

RMBSs

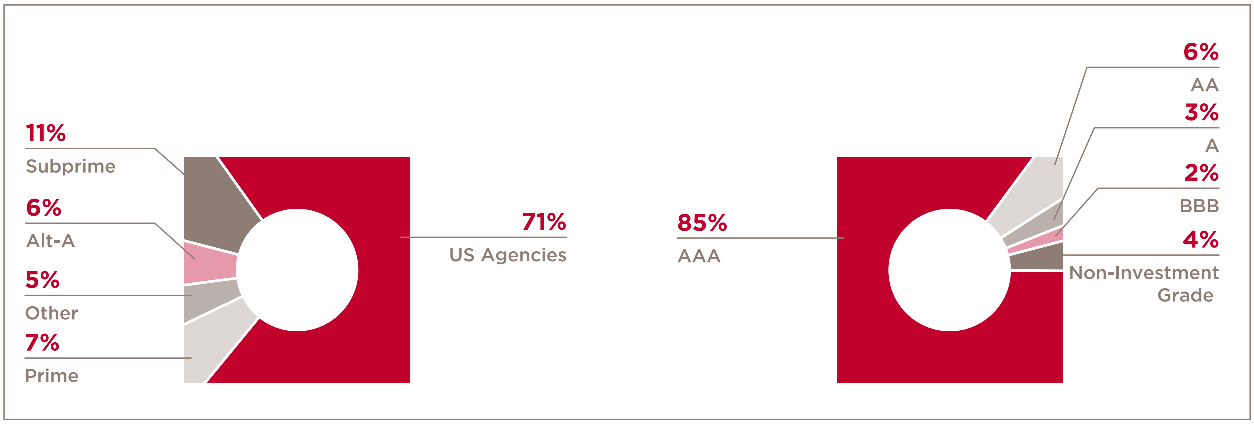
Unhedged U.S. RMBSs

Portfolios of U.S. RMBSs with or without a subprime component carried by Natixis, the Natixis New York branch and Natixis Capital Market North America.

Breakdown of U.S. RMBSs (unhedged based on net exposures)

In millions of euros	Net exposure as of 12/31/2007	IAS 39 reclassifications	Impairment (2008)	Other changes (2008)	**Net exposure as of 12/31/2008**	Gross exposure as of 12/31/2008
Trading portfolio	1,306	(1,137)	(310)	241	100	103
Available-for-sale asset portfolio	507	(589)	(133)	273	58	68
Fair value option asset portfolio	0			5	5	5
Loans and receivables portfolio	0	1,726	(15)	(202)	1,509	1,523
Subtotal	**1,813**	**0**	**(458)**	**317**	**1,672**	**1,700**
U.S. agencies (trading portfolio)	4,065	(4,123)	(20)	78	0	0
U.S. agencies (loans and receivables portfolio)		4,123	0	(112)	4,011	4,011
TOTAL	**5,878**	**0**	**(478)**	**283**	**5,683**	**5,710**

Breakdown of net exposure of RMBSs as of December 31, 2008



Valuation methodology

The valuation model of U.S. non-agency RMBSs applied as of December 31, 2008 is based on discounting projected future cash flows, which are determined by the following factors:

- forecast early redemption rate;
- observed and forecast probability of default;
- loss given default;
- rate of defaults resulting from JP Morgan research (by type of collateral and vintage);
- cost of liquidity and monoline guarantee;
- monoline guarantees for hedged structures by ntegrating the probability of default valuation of monolines and their rate of loss given default.

European RMBSs

UK RMBSs

In millions of euros	Net exposure as of 12/31/2007	IAS 39 reclassifi-cations	Impairment 2008	Other changes 2008	**Net exposure as of 12/31/2008**	Gross exposure as of 12/31/2008	Net exposure: rating categories AAA	AA	A	BBB	BB	Not rated
Trading portfolio	668	(367)	(16)	(244)	41	61		22	3	16		
Available-for-sale asset portfolio	431	(283)	(51)	47	143	184	29	1	3	2	39	68
Fair value option asset portfolio	33		(4)	(1)	28	28	28					
Loans and receivables portfolio	6	650	0	(68)	588	588	515	40	29	3		
TOTAL	**1,138**	**0**	**(71)**	**(267)**	**800**	**861**	**572**	**63**	**35**	**22**	**39**	**68**

Spanish RMBSs

In millions of euros	Net exposure as of 12/31/2007	IAS 39 reclassifi-cations	Impairment 2008	Other changes 2008	**Net exposure as of 12/31/2008**	Gross exposure as of 12/31/2008	Net exposure: rating categories					
							AAA	AA	A	BBB	BB	Not rated
Trading portfolio	992	(344)	(58)	(561)	29	63			17	3	8	
Available-for-sale asset portfolio	329	(325)	(36)	50	18	28				4		14
Fair value option asset portfolio	0		(4)	4	0	0						
Loans and receivables portfolio	0	670	0	(20)	650	650	582	69				
TOTAL	**1,321**	**0**	**(98)**	**(526)**	**697**	**741**	**582**	**69**	**17**	**7**	**8**	**14**

Other RMBSs: €1.1 billion (Netherlands 33%, Italy 35% and Portugal 10%)

Valuation methodology

A model was developed for the valuation of these instruments which consisted in calculating the fair value of instruments using spreads from historical benchmark data in the "Mark-it" database. Benchmarks are defined depending on the type of securitization, rating and country and are associated with spread curves. A trend coefficient was then applied to adjust for liquidity risk. The calibration of this coefficient is validated by the Risk Management department.

Securitization and conduits

Securitization on its own account

€204 million.

Financial support for special-purpose entities

Due to the financial crisis, Natixis decided to provide additional financial support to a number of special-purpose entities that are, to date, not consolidated. They are essentially securitization SPEs. This support involves:

- purchasing securities issued by the special purpose entity, including the conduits Elixir, Versailles and Direct Funding;
- granting lines of financing or liquidity. Outstanding lines of liquidity granted to Versailles, Elixir, Nacréa and the Hudson Castle entities totaled €6.3 billion as of December 31, 2008;
- purchasing a portion of the assets held by the structure. This is how two Natixis group entities restructured their investment in a mutual fund in 2008. In exchange for the purchase of their shares, these entities received fund assets in an amount equivalent to their investment classified as available-for-sale assets for a notional amount of €379 million.

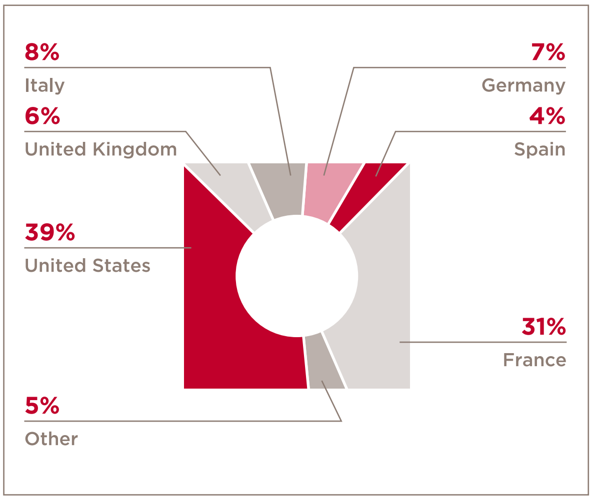
LBO financing

Exposure relative to leveraged transactions

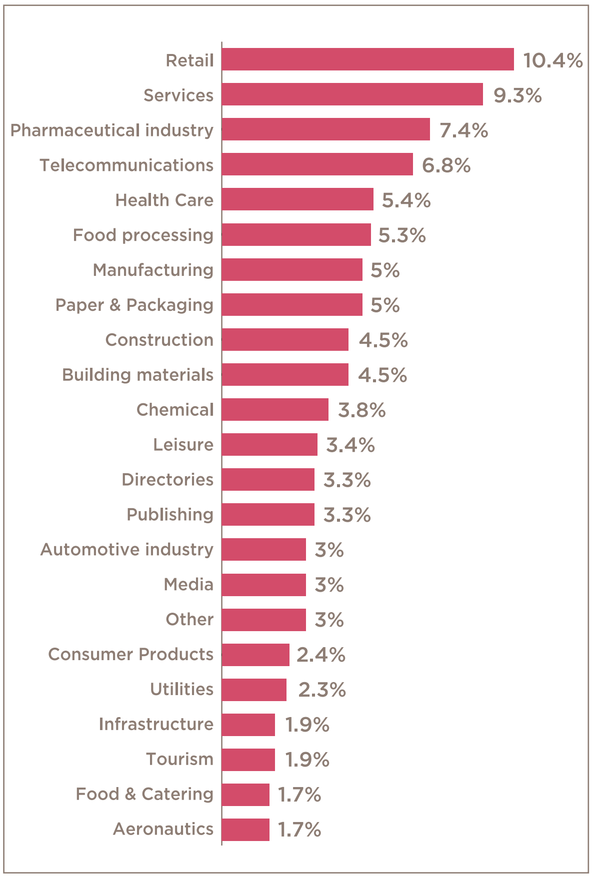
In millions of euros	12/31/2008	12/31/2007
Final shares (loans and receivables)		
Number of transactions	376	356
Commitments	5,864	5,455
Shares for sale (loans and receivables)		
Number of accounts	64	31
Commitments	366	553
SUB-TOTAL	**6,230**	**6,008**

In millions of euros	12/31/2008	12/31/2007
Shares for sale (loans at fair value)		
Number of transactions	6	66
Commitments	8	250
TOTAL	**8**	**250**

Breakdown of final shares in leveraged transactions by geographic region



Breakdown of final shares in leveraged transactions by industry



Other sensitive exposures (Lehman Brothers, Madoff, Icelandic banks)

Exposure to Lehman Brothers

Summary of Natixis exposure to Lehman Brothers

Type of exposure *(in millions of euros)*	Gross outstanding amount as of 12/31/2008	Impairments and provisions as of 12/31/2007
Financial instruments	189.7	(160.1)
Price guarantees granted to two mutual funds managed by NAM	44	(38.9)
Guarantee on counterparty risk borne by a mutual fund managed by NAM	61.4	(55.2)
Debt instruments purchased from Lehman Brothers Treasury Co BV and Lehman Brothers Holdings Inc.	77.5	(11.5) (1)
Other (2)	96.6	(33.1)
TOTAL	**469.2**	**298.8**

(1) After accounting for insurance surpluses.

(2) "Other" essentially covers the €90 million in leverage invested in fund shares on behalf of customers. The fund in question invested 85% of its assets in the Lehman Brothers group, which had itself sold 80% of these assets on the market. A €27 million provision was booked to cover this leverage which took into account the collateral pledged by customers and the above-mentioned factors.

In September 2008, the following default events affected several entities within the Lehman Brothers group:

- Lehman Brothers Holdings Inc. filed for bankruptcy in the United States on September 15, 2008;
- Lehman Brothers International Europe was placed in receivership on September 16, 2008;
- Lehman Brothers Inc. was liquidated on September 19, 2008.

Natixis group proceeded to inform the counterparties concerned of these default events, which led to the termination of derivatives, repo and securities borrowing and lending transactions with these companies.

The positive balances were booked as assets on the Natixis balance sheet under loans and receivables. Exposures in terms of net risk resulting from the termination of these transactions represented €189.7 million as of December 31, 2008, and were reduced by the amount of €160.1 million, which was booked as cost of risk.

Moreover, Natixis group:

- in September 2008, granted a price guarantee to two mutual funds managed by NAM and bearers of debt securities issued by Lehman Brothers group entities. A €38.9 million provision for contingencies was booked in the Natixis group accounts on December 31, 2008 as a result of this guarantee;
- was called on for the guarantee of a counterparty risk involving a mutual fund managed by NAM that took out a performance swap with Lehman Brothers International Europe. The call for the guarantee resulted in the payment on first request of €40.5 million to the fund and the booking of the counter-entry under "loans and receivables," as the fund manager addressed a default notification to Lehman Brothers International Europe. A €34.4 million loss on this debt was booked under cost of risk. Natixis group booked an additional €20.9 million provision for contingencies under cost of risk for the residual counterparty risk borne by the fund and guaranteed by Natixis at the fund maturity date as part of the capital and performance guarantee granted to the fund;
- held, as of December 31, 2008, bonds issued by Lehman Brothers Holdings Inc. and Lehman Brothers Treasury Co BV, recorded as "available for sale assets." The gross outstanding amount of these bonds stood at €77.5 million as of December 31, 2008. The associated value loss, after accounting for the deferred policyholders' surplus, was recorded under cost of risk in the amount of €11.5 million.

Exposure to the Madoff fraud

On December 15, 2008, a trustee was appointed for the liquidation of Bernard L. Madoff Investment Securities LLC.

This company was one of the top brokerage firms on Wall Street. It also provided advisory and custodial services, particularly for hedge funds (hereinafter referred to as "Madoff feeder funds").

Natixis group does not hold any share or units for its own account in any of these funds.

Natixis group is not exposed to any risk of losses relating to its investments (€286 million) in vehicles securitizing shares or units in hedge funds. The size of the equity units issued by these SPVs, and subscribed by external investors, is significantly greater than that of the risk of loss related to the units in the underlying Madoff feeder funds.

At the same time, Natixis is not exposed to any risk of loss relating to CFOs that it holds for its customers (USD 219 million, corresponding to €156 million) to the extent that the associated risks are fully transferred to these customers by way of pass-through instruments.

Natixis group is indirectly exposed to a total risk of incurring a net loss in connection with its fund-linked notes business, net of hedging, in the amount of €473 million. It does hold units in Madoff feeder funds as a hedge of securities subscribed by its customers. The abovementioned risk of loss results from the fact that the securities issued by Natixis entities are either leveraged instruments or offer guaranteed capital at maturity.

A provision in the amount of €375 million was recognized in the financial statements for the year ended December 31, 2008 for Madoff-related risks.

Exposure to Icelandic counterparties

Following the collapse of a number of Icelandic banks in September 2008, the government nationalized the country's three largest banks (Landsbanki, Kaupthing and Glitnir).

As of December 31, 2008, Natixis group's risk exposure to Icelandic banks totaled €174 million, breaking down as €145 million in lending and €29 million in hedging positions.

Individually-assessed provisions booked under cost of risk at the end of 2008 amounted to €94 million as a result of exposure analysis run specifically on each Icelandic counterparty. This analysis examines:

- type of commitments;
- guarantees granted to Natixis;
- the major trends in the fourth quarter of 2008 and outlook in terms of recovery.

4.8 Market risk

4.8.1 Market risk of Caisse d'Epargne as of December 31, 2008

In millions of euros	Capital requirements
Risk category	
Market risk under the standardized approach	**594**
Interest rate risk	454
Risk of changes in real estate prices	105
Currency risk	0
Commodity risk	35
Market risk under IRB	**345**
MARKET RISK	**939**

4.8.2 Market risk measurement and exposure limits

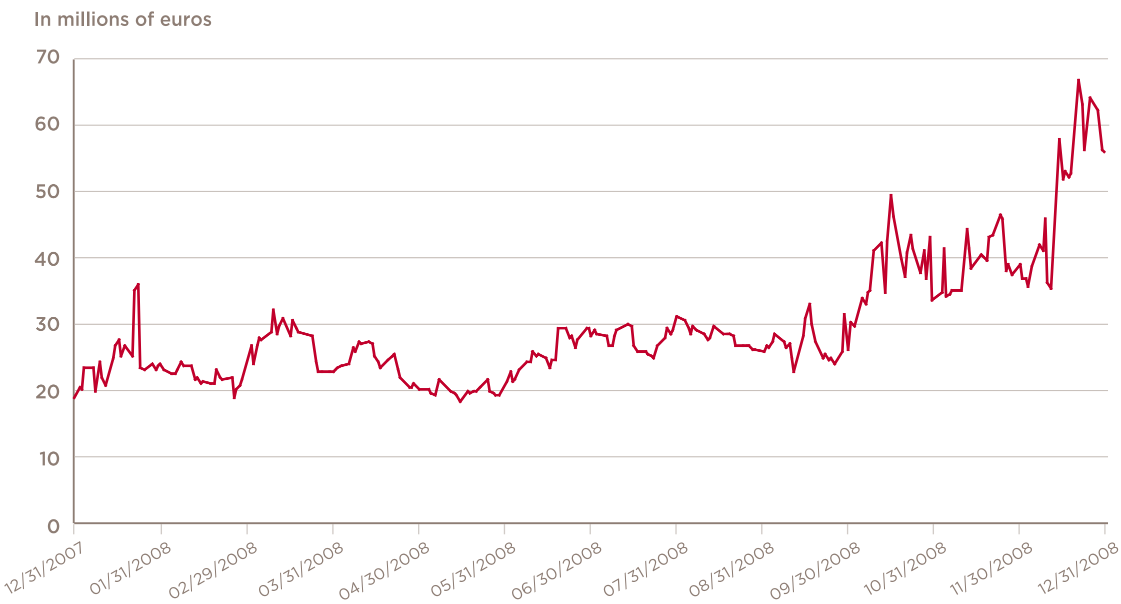
Structure of the limits system

There are separate limits for both the Natixis group and the Commercial Banking division (CNCE, Caisses d'Epargne and subsidiaries).

Natixis' daily market risk exposure limit is €35 million based on 1-day 99% VaR, which is monitored closely. A new VaR methodology, validated by the Natixis market risk committee, was implemented on December 15, 2008. It is more conservative and better suited to the extreme long-term volatility prevailing on markets. As such, this methodology significantly increases VaR (between 1.5 and 2 times depending on the scope) in comparison with other methodologies. Under this method, an overall limit was set at €70 million as of this date. This management limit and its use are also monitored on a daily basis.

Global Natixis VaR - Trading Book

(Day 1 99% VaR)



A process has been developed to analyze consolidated and entity-level exposures based on standard indicators calculated using the same methods throughout the Group. Daily VaR calculations (based on a 99% confidence interval and a 1-day holding period) are performed for proprietary trading operations carried out by the Commercial Banking division (CNCE, Caisses d'Epargne and subsidiaries) and the Investment Banking business. VaR estimates are also computed on a daily basis on medium- and long-term portfolio transactions carried out by Group entities.

The limits for the Commercial Banking division reflect the segmentation of the division's financial operations between proprietary trading on the one hand and ALM and the management of medium- to long-term positions on the other. The financial guidelines dealing with risk management approved at the end of 2005 has been updated on several occasions. The most recent update, in September 2007, sought to present changes in accounting standards and capital adequacy requirements in a standard format for the entire Group.

The limits system is based on the combined use of gross operating income sensitivity and VaR indicators to take account of the Group's two main types of market risk exposures:

- the potential variability of cash flows and net interest margins;
- the sensitivity of the market value of the securities portfolio, the related hedges and isolated open positions.

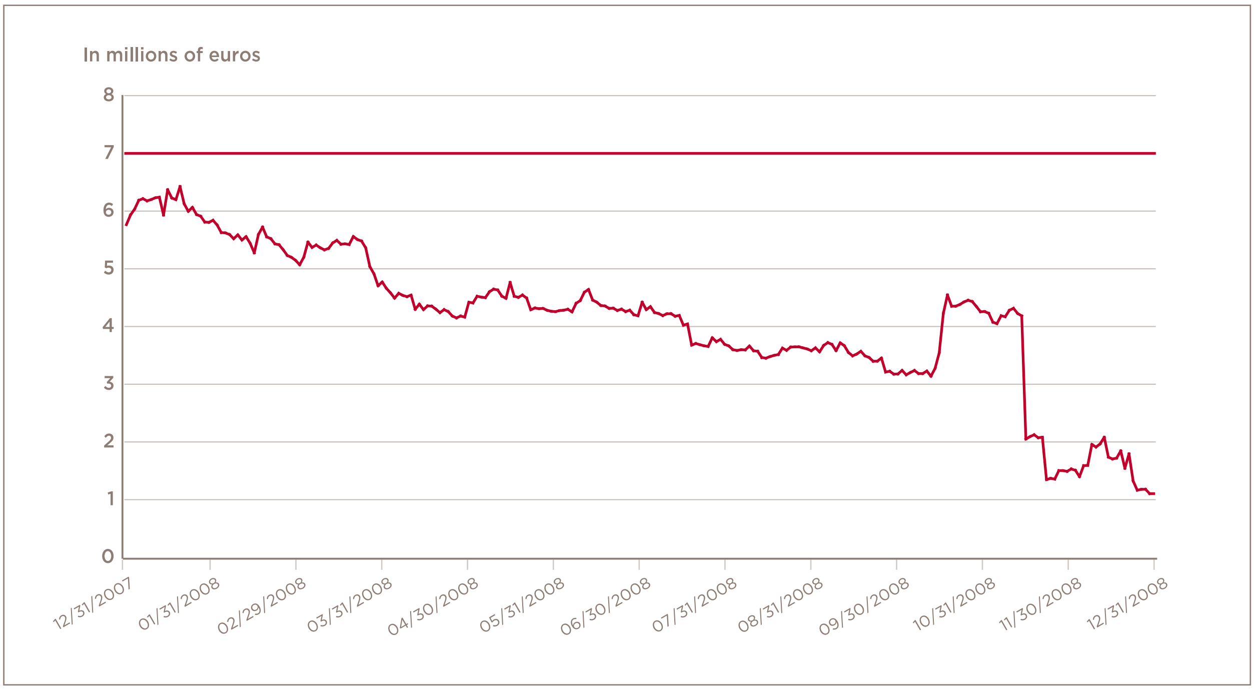
These limits are determined at Group level and then allocated among the Group entities. A system was developed for allocating proprietary trading VaR, accounting for the relative contribution of each entity to the Group's capital and earnings criteria.

Following the update to the financial guidelines, this system was reviewed and now includes:

- an overall VaR limit for all proprietary trading activities;
- a stop-loss limit for all proprietary trading activities;
- outstanding, turnover and volatility limits for medium- and long-term trading positions;
- a cash reserve in the form of securities eligible as collateral for the ECB;
- limits for ALM gross operation income sensitivity;
- a net present value sensitivity limit set by the ALM Committee.

Based on the definition of proprietary trading, consolidated 1-day VaR based on a 99% confidence interval was set at €7 million for the Caisses d'Epargne taken as a whole. This exposure limit was rolled down to the various entities based on capital and earnings criteria. The overall limits assigned to each entity are reviewed each year by the Market Risks Committee.

Consolidated VaR of the Caisses d'Epargne
(Information communicated in compliance with IFRS 7)



The implementation of the new financial guidelines has restricted the eligibility of financial instruments used in proprietary trading. These eligibility criteria concern the liquidity of securities: only liquid securities can be used in proprietary trading. Securities that cannot be sold on a daily basis or with a medium- or long-term retention period were transferred to medium- to long-term portfolios. This led to a considerable drop in the VaR of the proprietary trading segment on November 12, 2008, date of the technical switchover in the systems.

Spot VaR limit of €7 million

Proprietary trading consolidated VaR

Caisses d'Epargne scope

	2008			
In euros	Average	Minimum	Maximum	**12/31/2008**
Equity	2,097,310	571,273	3,605,995	779,305
Alternatives	1,902,162	465,597	2,661,513	465,631
Rates and spread	1,202,589	206,549	1,703,307	207,523
TOTAL VaR	**4,106,045**	**1,104,261**	**6,425,996**	**1,134,870**

	2007			
In euros	Average	Minimum	Maximum	12/31/2007
Equity	3,297,657	2,438,033	3,979,563	3,225,628
Alternatives	2,034,839	1,839,294	2,343,464	2,258,352
Rates and spread	987,924	829,471	1,489,619	1,250,956
TOTAL VaR	**5,785,246**	**4,937,138**	**6,995,016**	**5,754,514**

The procedure for managing VaR limit overruns, covered in the *Group Risk Manual*, sets out the steps to follow. They are specific to each limit category (regulatory Group VaR limits or individual entity VaR limits) and break down into the following cases:

- an individual entity limit is breached by one or more entities;
- the breach arises from an overall deterioration in intercompany investment diversification or a dramatic change in market variables (e.g. sharp rise in volatility).

Stress scenarios

Historical and hypothetical stress scenarios are also implemented for the Commercial Banking division's proprietary trading activities to calculate VaR. Natixis also uses different types of stress testing to assess the impacts of severe stresses on its market positions.

In the Commercial Banking division, this approach has resulted in a series of stress scenarios that measure the instantaneous change in the value of proprietary portfolios in the event of a specific shock such as a stock market crash, a collapse in the fixed-income market or a credit or hedge fund crisis. The shocks are calibrated using either historical or hypothetical data, and applied to a number of risk factors representing the different exposures within the Group's portfolio.

Details of the main stress scenarios used are presented in the table below:

	September 11	Historical credit crisis (2002)	Mortgage credit crisis	Emerging countries crisis 1998	Emerging countries mortgage crisis	Hedge funds crisis 1998	Stock market crash 1987	Mortgage stock market crash	Bond market crash 1994	Bond market mortgage crash
Equities	US: -7% Europe: -11%	Europe: -36% US: -24% Asia: -26%	Europe: -10 to -12% US: -7% Asia/emerging countries: -9 to -20%	Europe: -4% US: -1.2% Asia/emerging countries: -25 to -55%	Europe: 11% US: -1.9% Emerging: -20 to -30%	US : -11% Europe: -7%	US: -20% Europe: -8 to 10%	Europe: -33% US: -20% Asia: -20 to 25%	US et Asia: -5 to -7% Europe: -10% France: -16%	NM
Interest rates	Drop in interest rates, increase in 3M interest rates	Flattening of the curve with increase in 3M interest rates and drop in LT interest rates	Minor drops in interest rates	Flattening of the curve with increase in 3M interest rates and drop in LT interest rates (60bp to 10 years)	Slight drop in LT interest rates (10bp)	NM	Slight decline in curve primarily via increase in LT interest rates	Decrease in interest rates, increase in 5Y rates	Steep in 5Y and 10Y rates, with drop in ST rates	Steep in 5Y and 10Y rates (70bp on the Euro curve)
Credit spreads	Difference between emerging country and US spreads (High Yield)	Significant difference between spreads (100bp on IG and 400bp on HY)	Difference in spreads (50bp on IG and 150bp on Euro HY), and 250 bp on emerging countries	Difference in emerging countries spreads	Difference in spreads (20bp on IG and 100bp on HY), and 250bp on emerging countries	Difference in emerging country & US spreads (High Yield)	NM	Violent difference in spreads (50bp on IG and 250bp on HY), and 722bp on emerging countries	Tightening of US spreads	Tightening of US & Euro spreads and difference in emerging country spreads
Other	High volatility in equities market	High volatility in equities market & interest rates		Increase in hedges funds and convertible indices	High volatility in equities market	Shock to hedge funds in the order of -9 to -15%		High volatility in equities market		

These global risk measurement tools are rolled out in the form of operational risk indicators under the responsibility of the individual entities.

4.9 Asset/liability management risks

4.9.1 Organization of the ALM unit

Principles

In its role as the central institution, the CNCE is responsible for asset-liability management (ALM) at consolidated level. This task is allocated to the ALM, Refinancing and Financial Reporting department (GCE ALM), part of the Group's Finance department. ALM risks comprise liquidity, interest rate and currency risks. Liquidity risk is tracked for all balance-sheet and off-balance-sheet headings. Interest rate and currency risks are tracked for all balance-sheet and off-balance-sheet headings with the exception of the portfolios containing transactions carried out for the purpose of realizing a short-term gain from price fluctuations [1], which is monitored, reported and assigned specific VaR limits by Group Risk Management. The consolidation scope includes the Commercial Banking division excluding the Crédit Foncier group (the individual Caisses d'Epargne, Financière Océor and Banque Palatine, which use a common ALM management application), the Crédit Foncier group, the CNCE (on an individual basis), Nexity, Eurosic and Natixis group.

(1) For the CNCE, these transactions belong to the trading portfolio and, for Commercial Banking entities, the proprietary trading segment.

Under the national supervision system, a GCE ALM Committee, a Commercial Banking ALM Committee (covering the Caisses d'Epargne, Financière Océor and Banque Palatine) and a Groupe Caisse d'Epargne Risk Committee were set up. The GCE ALM Committee reports to the GCE Risk Committee and requests rulings on the ratification of amortizing profiles and Groupe Caisse d'Epargne ALM limits as validated. Each of the Groupe Caisse d'Epargne's credit institutions also has an ALM Committee and is responsible for its own ALM risk management in line with Group standards and exposure limits. Natixis' risk exposures are monitored by its two central institutions, the CNCE and BFBP, via the Global Risks Committee set up as part of the dual management structure.

The main principles defined at Group level are laid down in the Group ALM Charter and adapted accordingly in the Group Financial Charter applicable to Commercial Banking credit institutions, which include the individual Caisses d'Epargne, Financière Océor, Banque Palatine, Crédit Foncier group and the CNCE (subject to specific rules). This charter defines the duties, organization and procedures for the supervision and control of ALM and all types of financial activities. It also breaks down locally in each entity, taking into account its specific environment.

GCE ALM Committee and Commercial Banking ALM Committee

The GCE ALM Committee meets quarterly and is chaired by the CNCE Management Board member responsible for the Group Finance division. It is made up of corporate officers of the Caisses d'Epargne, finance directors of the CNCE's principal subsidiaries, a representative from the Natixis group and several directors from the CNCE, including the Executive Director of the Group Finance division.

The Commercial Banking ALM Committee also meets quarterly and is chaired on a rotating basis by the CNCE Management Board member responsible for the Group Finance division and by the CNCE Management Board member responsible for commercial development. It is made up of corporate officers of the Caisses d'Epargne, finance and risk directors of the Commercial Banking division's principal subsidiaries and several directors from the CNCE, including the Executive Director of the Group Finance division.

The GCE ALM Committee has the following duties:

- ALM organization within Groupe Caisse d'Epargne;
- definition of amortizing profiles and the ALM standards and limits that apply to the Group and all of its consolidated entities. The proposals validated by the GCE ALM Committee are then subject to ratification by the Group Risk Committee based on the opinion issued by the Group Risk Management department;
- control of limits and prudential ratios in coordination with the Group Risk Management department and requests for information on corrective measures from institutions that have overstepped limits;
- validation and monitoring of the CNCE and Crédit Foncier group refinancing programs that each is proposing for the coming year;
- review of the sensitivity of net present value of open positions and the hedging policy of Groupe Caisse d'Epargne as well as the main scopes of responsibility.

GCE ALM department

The GCE ALM department ensures consolidated, second-tier monitoring of the ALM risks of Group entities, while operational management is ensured within each of these entities. In its quarterly reporting, it also ensures compliance with gap and sensitivity limits set at Group level and the main consolidated entity. To monitor consolidated risks in compliance with applicable regulations, the GCE ALM unit uses ALM simulation and consolidation software to process data generated by the various entities.

Special focuses in 2008

In 2008, a special focus was placed on monitoring liquidity risk:

- GCE Covered Bonds, a new, AAA-rated issuer was set up;
- Commercial Banking entities, excluding Crédit Foncier group, are now required to send their projected liquidity requirements to the CNCE on a monthly rather than quarterly basis;
- a business continuity plan was drafted for use in the event of a liquidity crisis, and a collateral reserve eligible for European Central Bank financing was set aside.

At the same time, the scope covered by the Group consolidation system was refined and expanded based on three main points: the switchover of the sub-consolidation level of the Commercial Banking activities, excluding Crédit Foncier group, to the same software used by Groupe Caisse d'Epargne consolidation, the integration of this sub-consolidation level into the Groupe Caisse d'Epargne consolidation system and the implementation of the project to integrate Natixis into the Group consolidation system.

4.9.2 Liquidity risk management

Liquidity risk is the risk that the bank will be unable to meet its payment obligations as they fall due and replace funds when they are withdrawn. Mismatches occur when no liquid assets are available to settle liabilities falling due in a given period and the bank is unable to raise funds elsewhere on the market under acceptable financial terms. They may arise from internal factors within the bank itself or from a general deterioration in liquidity across the market.

Organization of refinancing within Groupe Caisse d'Epargne

Refinancing channels and diversification of Group refinancing sources

As the Group's Central Cash Management unit, the CNCE is responsible for providing entities with the additional funds they may require to finance their activities and guarantee liquidity in the last instance. For Natixis, this is done along with BFBP within the scope of the two-tier management structure (Article L. 511-31 of the French Monetary and Financial Code (*Code monétaire et financier*)).

The liquidity of the individual Caisses d'Epargne, Financière Océor and Banque Palatine is guaranteed first and foremost by customer deposits. Crédit Foncier group obtains liquidity on the market mainly through Compagnie de Financement Foncier, a special purpose real estate credit institution, subject to the provisions of Articles L. 515-13 *et seq.* of the French Monetary and Financial Code. Compagnie de Financement Foncier is also authorized to finance certain operations carried out by the individual Caisses d'Epargne, such as regional public sector lending. The CNCE raises funds on the market through various debt issue programs (CD, BMTN, ECP, USCP, EMTN). It also regularly issues bonds underwritten by the individual Caisses d'Epargne, which sell the bonds on to private customers, usually as part of a public offer of securities. The CNCE also enters into interbank loans and, where appropriate, carries out stand-alone bond issues based on specific legal documentation.

In the first half of 2008, Groupe Caisse d'Epargne set up GCE Covered Bonds to diversify its refinancing sources. Rated AAA/Aaa by Standard & Poor's and Moody's, the new structure helps finance the home lending activities of Groupe Caisse d'Epargne's subsidiaries by issuing covered bonds. These issues, designed for institutional and/or qualified investors, are guaranteed by an oversized set of home loans granted by the Caisses d'Epargne and Crédit Foncier in accordance with predefined eligibility criteria. The funds raised by GCE Covered Bonds will be lent to the CNCE, which will in turn lend them to the individual Caisses d'Epargne and Crédit Foncier in proportion to their collateral contribution.

Activation of the Groupe Caisse d'Epargne business continuity plan in the event of a liquidity crisis

A business continuity plan in the event of a liquidity crisis was drafted in the first half of 2008 in preparation for a potential financial crisis that could make it difficult for the Group to obtain liquidity on the financial markets, either due to a downgrade of its rating or a systemic crisis resulting from market events. The purpose of this plan is to enable the Group to honor its obligations should a liquidity crisis of this sort occur. More specifically, it is based on building cash reserves made up of assets that can be sold quickly or used as collateral for European Central Bank financing. This reserve must cover static liquidity gaps and meet financing needs for new issuances for a period of three months, without compromising the business, and assumptions of ALM mismatches due to the crisis. Gap liquidity limits were therefore calibrated by adjusting for this cash reserve.

With the worsening financial crisis following the failure of Lehman Brothers, the plan was activated in mid-September, both at the level of CNCE's entities under its refinancing program (including the CNCE parent company and Commercial Banking excluding Crédit Foncier group) and in each Group entity where it existed. The securities and debt instruments under the CNCE refinancing program eligible for European Central Bank financing were centralized and managed by CNCE's Central Cash Management Unit. ECB funding for Commercial Banking entities excluding Crédit Foncier group is based on their contribution to the cash reserve. As such, GCE Covered Bonds issues were used to create a cash reserve. Crédit Foncier group also booked a cash reserve comprised of securities and debt instruments eligible for European Central Bank financing. A similar configuration was put in place by Natixis.

At the height of the financial crisis, with the only genuinely active market being limited to overnight transactions from mid-September to end-December 2008, Groupe Caisse d'Epargne participated in a number of European Central Bank tenders. The Group also benefited from its share in proceeds from *Société de Financement de l'Economie Française* issues thanks to its high volumes of eligible collateral, identified in addition to its ECB-eligible collateral. Moreover, the Group implemented a customer-focused campaign that aimed to manage the issuance of new loans and boost the capacity to collect balance sheet resources from customers. Lastly, the Group qualified for financing from the EIB thanks to its customer base in the public and corporate sectors. Overall, the Group enjoys sufficient resources to get through the crisis safely in terms of volume, bearing in mind that the cost price of resources used has increased considerably due to trends in the global market.

Market conditions in 2008

2008 broke down into two distinct phases:

- until mid-September 2008: all the markets were still more or less open for trading but at sharply rising prices:
  - the primary market for senior bonds was open, but at much wider spreads,
  - the market for French *obligations foncières* and *Pfandbriefe* was much tighter owing to a significant drop in amounts issued,
  - the covered bond market was extremely volatile and characterized by widening spreads;
- after mid-September 2008: the crisis was exacerbated by the failure of Lehman Brothers, giving rise to gaping mistrust between investors and banks, and restricting interbank markets to very short-term transactions (essentially overnight). Europe-wide or nationwide measures were taken: offers of unlimited refinancing from the European Central Bank on maturities ranging from one week to six months (under the same pricing terms) and the creation of the *Société de Financement de l'Economie Française* dedicated to medium-term refinancing (between two and five years) in exchange for eligible collateral (price including the cost of the government guarantee).

Measures taken by Groupe Caisse d'Epargne in 2008

The CNCE was able to meet its liquidity requirements while maintaining its one-month liquidity ratio, and to satisfy needs as they arose. The CNCE contributed to Natixis' financing needs in its role as guarantor of its subsidiary's liquidity. Volumes of loans and security purchases stood at €16.8 billion as of December 31, 2008.

Refinancing trades were the following ones:

- short-term:
  - strengthened presence of CNCE's Central Cash Management Unit on the short-term interbank market, notably expanding access to overnight transactions (increased limits with existing counterparties and new credit lines with new counterparties);
  - use of CNCE's short-term refinancing program for increasing amounts. CNCE's outstanding short-term refinancing amounted to €41.1 billion as of December 31, 2008 (including refinancing by participating in ECB tenders) compared with €22.5 billion a year earlier (no ECB refinancing in 2007). Crédit Foncier used €7.9 billion in certificates of deposit as of December 31, 2008, for an annual average of €8 billion (amounts net of subscriptions within Crédit Foncier group).
- Medium- to long-term:
  - CNCE's medium- to long-term refinancing program had raised €9.2 billion as of December 31, 2008,
  - for Crédit Foncier group, Compagnie de Financement Foncier raised a total of €9.1 billion as of December 31, 2008 under its annual medium- to long-term refinancing program.
- Cash reserve:
  - in addition to the various refinancing sources described above, the Group has a cash reserve for each refinancing scope that is eligible as collateral for central banks. As of December 31, 2008, this reserve stood at €37 billion after haircut for the CNCE refinancing scope, €33 billion for Crédit Foncier group, which also has a potential estimated at €32 billion in assets that can be used as collateral, and €23 billion for Natixis.

It should be borne in mind that the Caisses d'Epargne are not highly exposed to fluctuations on the financial markets: as of September 30, 2008, 89% of customer loans granted by the individual Caisses d'Epargne were covered by customer deposits.

Monitoring liquidity risk for the Groupe Caisse d'Epargne's main entities

Liquidity risk management

The main liquidity risk management principles are set out in the Groupe Caisse d'Epargne ALM Charter. The overall liquidity position of the Group and the liquidity positions of each individual entity are monitored on a quarterly basis by the GCE ALM Committee, which approves the annual financing plans for the CNCE and Crédit Foncier group. These plans cover the entities' short-, medium-, and long-term financing requirements via the different financial market instruments and programs. The GCE ALM Committee submits proposals to the Group Risk Committee concerning Group-wide and entity-level liquidity risk exposure limits. The Group Risk Committee is responsible for ratifying these limits.

Each Commercial Banking entity excluding Crédit Foncier group has a one-year drawdown entitlement with the CNCE Central Cash Management unit, capped with a short-term resource limit in line with the cash reserve of the CNCE refinancing scope that can be verified over the entire forecast period (Y+3). Draw-downs are monitored by Commercial Banking ALM Committee. These entities now report their projected liquidity requirements to the CNCE each month, rather than each quarter, as was previously the case.

Commercial Banking entities excluding Crédit Foncier group as well as Crédit Foncier group are also subject to static liquidity gap limits in the first three months. These limits are determined based on the cash reserve of each of the corresponding refinancing scopes.

Each entity's loan-to-deposit ratio must be at least 60% for each time period over a 10-year horizon. This ratio is reassessed at each quarterly reporting date.

Liquidity gap analysis for the CNCE Central Cash Management unit is tracked over five months and 10 years using daily and weekly intervals, respectively. It is subject to a specific limit reviewed in 2008 to be in line with the cash reserve of the CNCE refinancing scope. It is monitored on a monthly basis by the CNCE ALM Committee and CNCE's Finance and Risks Committee.

Natixis has its own system of liquidity exposure limits. A system of liquidity transformation limits has been set up for treasury management portfolio operations, corresponding to minimum ratios required for each maturity band (10 days, 1 month, 2 months–12 months, 2 years–10 years). The static liquidity gap and liquidity transformation indicator are monitored by Natixis' internal committees, the GCE ALM Committee and the Global Risks Committee.

One-month liquidity ratio

This is calculated for each entity and must be 100% or above. The liquidity ratio remained above this threshold throughout the year, while the one-month liquidity ratio for the CNCE parent company entity averaged 182% [1] in 2008.

Liquidity gaps

Liquidity risk exposure for Groupe Caisse d'Epargne's main entities and consolidated exposure (excluding Natixis [2]) is tracked on a quarterly basis by the GCE ALM Committee using static gap analysis. This indicator represents the amortization over 10 years of the difference between assets and liabilities on a given date, which is used to quantify balance sheet items that do not have the same maturity under assets and under liabilities. This is the basis for determining the bank's liquidity risk or exposure to liquidity risk.

The static liquidity gap takes all inventory balance sheet and off-balance sheet positions into account without any renewal assumptions. The static liquidity gap is determined by projecting assets and liabilities positions for all transactions at a given date (month-end outstanding) and, for transactions scheduled for a future date under contract, at the closing date. Contractual transactions are amortized according to their provisional schedules, which may be affected by a static prepayment rate. For balance sheet transactions without a defined contractual maturity date, the Group amortizing profiles are applied, with any exceptions validated by the GCE ALM Committee since they represent local requirements.

Each Commercial Banking entity, excluding Crédit Foncier group, and Crédit Foncier group also produce a financing plan over the forecast period, i.e. Y+3.

4.9.3 Interest rate risk management

Interest rate risk is the risk that unfavorable changes in interest rates will adversely impact the Group's annual results and net asset value. This risk is assessed using the indicators described below.

Interest rate gap analysis

Interest rate risk exposure at Groupe Caisse d'Epargne entity level and consolidated Group level (excluding Natixis [2]) is tracked on a quarterly basis by the GCE ALM Committee. Interest rate gaps are calculated in the same way as liquidity gaps. The gap calculated corresponds to a fixed-rate gap that covers fixed-rate transactions until their maturity and transactions at variable rates or revisable rates set beforehand until the next rate revision. Moreover, a portion of the outstanding inflation-indexed securities is integrated into the fixed rate gap, in line with Group rules.

(1) Information provided in compliance with IFRS 7.

(2) Consolidation of Natixis from a risk management perspective is scheduled for the December 31, 2008 closing, in line with the Natixis risk management convergence plan. Prior to this date, the entity was monitored by the GCE ALM Committee based on indicators reported quarterly by Natixis.

Sensitivity of the net present value of open positions

The sensitivity of the net present value of open positions is calculated at the level of the main Group entities and Groupe Caisse d'Epargne itself (excluding Natixis). This sensitivity is monitored on a quarterly basis by the GCE ALM Committee. Natixis' overall exposure to interest rate risk stems mostly from its cash management activities and is tracked on a day-to-day basis by Natixis' Market Risks unit using net present value duration analysis by maturity band and currency, and VaR. These two standard metrics are each subject to exposure limits. All related quarterly reporting is sent to the GCE ALM Committee.

The sensitivity of net present value of open positions is calculated using the method described in the document on the principles for the management and supervision of interest rate risk (Basel Committee July 2004 Appendix 4). The standard calculation method used to determine the Basel II indicator was adjusted in 2008 for a more accurate calculation of interest rate risk. This new method consists in taking the static fixed rate gap calculated on a monthly basis over 20 years and discounting each monthly segment by the zero coupon rate of the closing date, which gives a more accurate breakdown into time buckets and discounting coefficients that represent the period in question. The interest rate scenario applied to the gap has a +/- 200bp impact across the curve, which is currently the most conservative choice. In order to calculate the Basel II indicator, the sensitivity of net present value of open positions is set against regulatory capital (Tier-1+Tier-2).

The maximum sensitivity of the economic value of equity capital is set at 20% of capital requirements. The GCE ALM Committee must be notified if a threshold of 15% is exceeded and presented with corrective measures used to anticipate the hedging strategies required to manage this limit. This principle has been implemented in all Group consolidated entities and adapted accordingly.

The sensitivity of the net present value of the Group's open positions stood at 10.6% [1] of regulatory capital as of September 30, 2008. This limit was adhered in the first three quarters of 2008.

In addition to using the standard Basel II indicator for the sensitivity of the net present value of Group's open positions, other indicators are monitored, such as variation of the standard Basel II indicator described above.

Sensitivity of net interest margin

The sensitivity of net interest margin as the primary component of earnings (gross operating income) is measured for each Commercial Banking entity excluding the Crédit Foncier group and for the Crédit Foncier group. It is assessed by reference to different interest rate scenarios (changes in short- and long-term rates and inflation) at annual intervals over the forecast period (Y+3). Four different scenarios have been developed:

- sensitivity to a 100bp rise in short and long interest rates and a 50bp rise in the inflation rate;
- sensitivity to a 100bp fall in short and long interest rates and a 50bp fall in the inflation rate;
- sensitivity to a 50bp fall in short-term rates, a 50bp rise in long-term rates and a 25bp fall in the inflation rate;
- sensitivity to a 50bp rise in short-term rates, a 50bp fall in long-term rates and a 25bp rise in the inflation rate.

The entities must have the ability to handle, without a significant impact on their earnings based on gross operating income (determined in line with IFRS), a change in rates that does not challenge the initial business forecasts. The sensitivity of net interest margin in the worst-case scenario over the forecast period must remain within a limit expressed as a percentage of budgeted earnings capacity. This limit is monitored on a quarterly basis.

The limits set on the sensitivity of net interest margin are managed through the application of a notification threshold of 75% of the limits. The ALM Committee (respectively Commercial Banking division and Crédit Foncier group) must be notified if this threshold is exceeded and rules on the strategy applied in order to remain below the limit. If the limit is exceeded, defined measures are implemented and monitored in order to return below the limit.

For information purposes, Natixis also computes the sensitivity of its interest margin to a rise or fall of 100 bp in interest rates without assigning any limit.

(1) Information communicated in compliance with IFRS 7.

4.9.4 Foreign exchange risk management

Forex risk is the risk of losses resulting from currencies in exchange rates.

Forex risk management for Groupe Caisse d'Epargne entities (excluding Natixis) is monitored using regulatory indicators (corresponding capital adequacy requirements by entity). The residual foreign currency positions held by the Group (excluding Natixis) are not material because substantially all foreign currency assets and liabilities are match funded in the same currency. As regards the financing of international business transactions, risk-taking must be limited to counterparties in countries with readily convertible currencies provided they can be technically managed by the entities' information systems.

Natixis' structural foreign currency positions on net investments in foreign operations refinanced by buying currency forwards are tracked on a quarterly basis by its ALM Committee in terms of both notional position and Tier-1 sensitivity. The resulting risk indicators are submitted to the GCE ALM Committee on a quarterly basis.

4.10 Equity risk

4.10.1 Investment risk management and framework

A new product approval procedure and an approved-product list are used to manage the investments of Groupe Caisse d'Epargne entities (excluding Natixis). This framework ensures that the use of financial products is covered by appropriate operational safeguards, in compliance with the applicable regulations and Group risk management standards. The Group entities' use of financial products in their financial operations is validated by the New Products and Financial Operations Committee.

Authorized products can be used subject to compliance with risk limits (market, credit, etc.) and requirements specific to each segment defined in the financial charter (justification of the economic hedging strategy used in ALM, daily liquidity of assets booked under proprietary trading, etc.). When a Groupe Caisse d'Epargne entity wants to invest in an approved product, the entity's Risk Management department must first guarantee its compliance with all risk limits set for the given entity or at Group level, and that the terms specific to each segment have been checked.

Specific Group-wide procedures on processing investment requests have been set-up concerning the following financial products:

- listed asset funds;
- non-listed asset funds (private equity/infrastructure/real estate);
- securitization vehicles; and
- structured products whose structure and payoff have been validated by the New Products and Financial Operations Committee.

The procedures (where applicable, the entity's exposure limits) have been defined and distributed Group-wide for processing the investment requests to invest in these financial products submitted by the entities. The Investment Risks Committee validates is responsable for analyzing investment requests in these products.

The Investment Risks and Market Risks Committees jointly oversee financial transactions and validate exposure limits prior to their submission to the Group Risk Committee for review and validation.

In addition to the market risk exposure system that is applied to these investments, the following controls are undertaken:

- monitoring and control of fund investment requests;
- specific reporting on funds of listed and non-listed assets;

- an analysis of funds in which Group entities invest, with at least an annual rating assigned by the Group Risk teams;
- as part of the management of external asset managers approved by the CNCE: on-site operational due diligence, assessment of the risk management system implemented by the entity. Asset managers are assessed at least once a year. Externally-managed funds are subject to limits defined as often as necessary and validated by the Investment Risks Committee;
- risk weighting of the funds using Basel II/capital-requirement criteria and data supplied by the fund managers;
- warnings in the event of market incidents likely to impact investment value of the portfolio.

ABIS (Group Intranet/Extranet site) is an online tool for monitoring, validating and managing fund investment requests, used by all Groupe Caisse d'Epargne entity-level Financial Management and Risk Management teams to manage these investment processes.

In 2008, the ABIS investment request management system was extended to non-listed funds (private equity/infrastructure/real estate) and structured EMTNs.

4.10.2 Accounting techniques and valuation method

The banking portfolio's exposure to equities is recorded in the following accounting categories in accordance with IAS 39:

- financial assets at fair value through profit or loss;
- available-for-sale financial assets;

The applicable accounting techniques and valuation methods are provided in the Groupe Caisse d'Epargne accounting rules and principles.

4.10.3 Groupe Caisse d'Epargne exposure

Groupe Caisse d'Epargne's exposure to equity risk amounted to €8,650 million [(1)] as of December 31, 2008 and broke down as follows:

In millions of euros	Cost or historical value	Fair value or revaluation	Net unrealized gains or losses	Gross unrealized gains	Gross unrealized losses
Financial assets at fair value-fair value option	2,677	2,667	(10)	5	(15)
Available-for-sale financial assets	6,067	5,983	(84)	65	(149)
TOTAL	**8,744**	**8,650**	**(94)**	**70**	**(163)**

As of December 31, 2008, total unrealized gains or losses on equity exposures of the banking portfolio amounted to -€94 million:

- -€84 million booked under unrealized or deferred gains and losses;
- -€10 million recognized in the income statement.

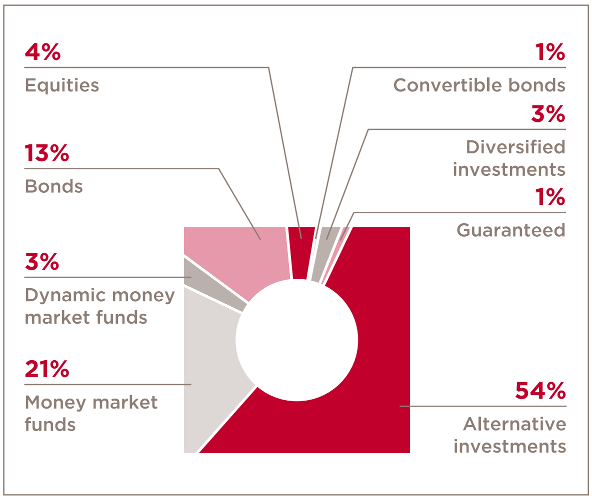
These also included €193 million in unrealized losses that were kept in Tier-1 or Tier-2 capital.

Gains and losses recorded in 2008 from transfers or sales of equities in the banking portfolio totaled €181 million.

The fair value of listed equities held in the banking portfolio is equal to the market price.

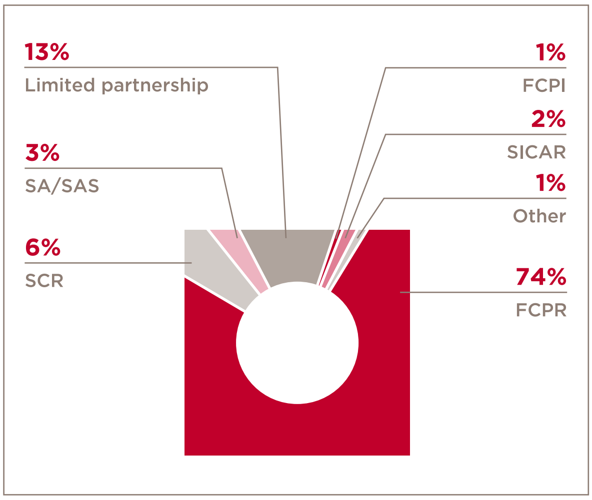
(1) Data from entities in the prudential consolidation scope.

- Breakdown of Groupe Caisse d'Epargne (excluding Natixis) regulated and unregulated funds portfolio:

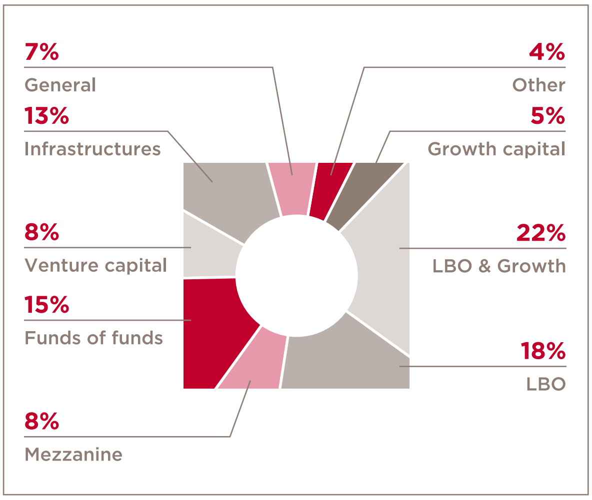


- The private equity portfolio breaks down as follows:

Breakdown of private equity portfolio by type



Breakdown of private equity portfolio by type of intervention



4.11 Operational risk

Operational risk is defined as the risk of direct or indirect losses resulting from inadequate or failed internal processes, people and systems or from external events. It therefore includes accounting, legal, regulatory and tax risks as well as risks related to the security of persons, goods and information systems.

Operational risk extends to all of the Group's businesses and is analyzed, managed and assessed using a Group-wide risk identification and measurement process (together with accompanying action plans), proactive incident management and the monitoring of predictive risk indicators.

The Group's operational risk management framework is governed by a series of guidelines and governance rules (validated in October 2005). The framework is structured around an Operational Risk Management unit, which comprises designated operational risk managers each in charge of a network of risk officers in their own businesses. The system is supervised at Group level by the Group Operational Risk Committee, which meets every quarter to ensure that the operational risk management procedures applied within the Group are effective, and to analyze the main incurred and potential risks in each institution.

All the Group's banking institutions and other entities now use the Group's Operational Risk System (*ORiS*), in order to apply the methodologies recommended by Group Risk Management and to gather the information required to manage operational risks effectively.

ORiS is a modular tool that can:

- via the Mapping module, identify and assess operational risks as they arise, making it possible to assess the risk profile of each Groupe Caisse d'Epargne entity;
- via the *Incidents* module, collect and manage on a daily basis incidents generating, or liable to generate a loss;
- via the KRI module, provide access to advance-warning risk indicators allowing the Group to take action before incidents occur and to protect itself against environmental risk factors.

ORiS also provides users with elements for reporting, an operational risk dashboard generated quarterly on the basis of data collected. The QCB questionnaire module also allows individual entities to assess on a half-yearly basis the quality of its operational risk management mechanisms, and to use other Group entities as benchmarks. It can also take action on specific parts of the mechanism needing reinforcement.

In 2008, the operational risk framework was adapted to take into account organizational changes within the Group, including 15 mergers between individual Caisses d'Epargne, the creation of economic interest groups and subsidiaries, and a tie-up between functions such as GCE Paiements, GCE Technologies and GCE Business Services, etc. More than 123,000 incidents were identified over the year, representing a provisional cumulative amount of €993.43 million (certain incidents are still being processed).

4.12 Intermediation and settlement risk

Customers orders for financial instruments are transmitted to the CNCE which uses the services of Natixis (Eurotitres) for securities custody and account-keeping services and reception and transmission services. The CNCE has selected three brokers, including Natixis Securities, to execute its purchase orders in the market.

Intermediation risk is managed at CNCE level via Natixis (Eurotitres) by a system for monitoring transactions that have not yet been adjusted or closed out. The Compliance officer for Investment Services dedicated to this activity ensures that current standards and regulations are complied with.

The individual Caisses d'Epargne, which receive and route orders, check that the originator has the required amount in cash or securities.

The CNCE uses controls and frequent reports to ensure that its securities technical services subsidiary strictly complies with all applicable rules and regulations concerning order execution, delivery and settlement.

The bulk of Caisses d'Epargne's proprietary trading activity is handled by Natixis.

Its back office and middle office ensure that all such transactions have been properly processed by checking movements and tracking pending orders.

4.13 Compliance risk

The Compliance function is an essential element of the Group's internal control process and is organized as a dedicated network of expertise within the CNCE, the Caisses d'Epargne and the subsidiaries.

The Compliance function is structured under the Group Compliance and Security unit of the CNCE, which reports to the Chairman of the Management Board and has direct and independent access to the CNCE's Internal Control Oversight Committee.

The Group Compliance and Security unit carries out the following duties on behalf of affiliated entities:

- preparing and circulating Group compliance standards;
- contributing to the internal procedures manual;
- coordinating actions carried out by the different Group entities;
- overseeing the effectiveness and consistency of permanent controls (outside the scope of Risk Management) and the various organizations in charge of internal control;
- rolling out training tools and coordinating training and awareness-raising initiatives on matters relating to internal control;
- managing the new products approval procedure;
- preparing and centralizing permanent control and compliance reporting;
- overseeing Group compliance efforts and supervising its dedicated network.

A Compliance function charter drawn up by the Group Compliance and Security unit has been provided to all Groupe Caisse d'Epargne entities along with a standard internal control organization for all Group entities. These documents define the objectives and the scope of activity of the Group Compliance/permanent control units, and allocate responsibilities and duties among the different levels of responsibility within the Compliance function.

Independent Compliance and permanent control units are in place within the individual Caisses d'Epargne and subsidiaries. The financial and human resources assigned to these units are adapted to the size of each entity and its business activities, and include an anti-money laundering unit.

Each entity has also designated a compliance officer who ensures that employees act in accordance with "the Code of conduct." The Compliance officer also informs and raises employees' awareness of ethical issues specific to their own particular business line and position.

Each entity's Compliance and permanent control unit has endeavored to set up a framework for dealing with compliance issues in line with CRBF regulation 97-02 (as amended). This has involved mapping compliance risks; organizing ongoing compliance controls; approving new commercial products or services and substantial modifications of such products and services; providing training and raising awareness of compliance issues; monitoring regulatory changes; acting to prevent money laundering, the financing of terrorism and fraud; liaising with regulators; introducing whistle-blowing procedures (that allow employees to flag up any irregularities); and keeping potential conflicts of interests under control.

Each entity's Compliance and permanent control unit coordinates ongoing controls, and for this purpose has access to the data of other units in charge of risk management as defined in CRBF regulation 97-02 (as amended).

In 2008, the CNCE acquired and started to implement a permanent control monitoring system for Groupe Caisse d'Epargne.

This system is designed to consolidate the results of the permanent controls of each Group entity by sub-consolidation level. Its rollout was coordinated by the CNCE, beginning with some Caisses d'Epargne and subsidiaries at the end of 2008 within the scope of controls run by retail branch managers.

The CNCE will continue the roll-out of this system in branches in 2009 and complete the project which aims at setting out the common standards used for permanent controls.

The fight against money laundering and the financing of terrorism

The Group's corporate culture, processes and preventative systems have evolved to meet its obligations in terms of the fight against money laundering and the financing of terrorism.

The main objectives of the units dedicated to this task are to:

- train the teams concerned on a regular basis, and keep people informed about regulatory developments and new money laundering methods;
- carry out regular supervisory controls in addition to the permanent management controls as to the effectiveness of the Group's vigilance on the matter, with the help of dedicated applications;
- document and process the cases identified: report to TRACFIN and follow up the transactions.

The various screening and processing procedures have been integrated into the daily work of all sales and after-sales personnel and at management level. These procedures are constantly evolving, attesting to the Group's pro-activeness in this area.

Each entity has a Financial Security unit which is actively involved in the permanent control process and reports directly to the entity's Compliance and permanent control unit. Standard criteria are used to detect any possible cases of money laundering. The warning system works in tandem with the Group's know-your-customer procedures and draws on the additional know-how of the commercial staff and dedicated teams that centralize details of all suspected cases of money laundering.

Some 100 people are involved in combating money laundering throughout the Group.

All Group entities deploy the available techniques to fight against money laundering and the financing of terrorism from the moment the entity enters into a customer relationship. In particular, all new customers are checked against anti-terrorist blacklists and revenue sources and activities are analyzed.

A customer file is opened to track all significant developments and is regularly updated. This file is used to flag any transactions or customer behavior that may appear unusual in terms of either amount, complexity or economic justification.

4.14 Other risks

4.14.1 Legal risks

The CNCE's Legal department reports to the Corporate Secretary.

The Legal department, which comprises four units and a Strategic Projects section, assisted and advised the CNCE corporate departments on all matters related to banking and financial law (including litigation), contract law, company law and intellectual property law. It also provided secretarial support to the CNCE's management bodies.

The department also participated in discussions of issues affecting the French banking industry and defended the Group's interests in Brussels, particularly with regard to the Single European Payments Area (SEPA) project and the distribution of Livret A savings accounts.

In addition, it advised the Group on its development and partnership projects, particularly with regard to Natixis.

The main CNCE subsidiaries also have their own Legal departments.

Exceptional events, claims and litigation

Other than as described in the notes to the interim consolidated financial statements, there are currently no exceptional events or claims or litigation that could have a material adverse effect on Groupe Caisse d'Epargne's business, earnings or financial position.

It should, however, be noted that the rule governing the distribution of Livret A savings accounts were reformed by the economic and financial modernization law passed on August 4, 2008 (law 2008-776 published in the French government gazette (*Journal officiel*) issue number 0181 on August 5, 2008). Pursuant to Articles 145 et seq. of this law, all banks have been entitled to distribute the Livret A savings account since January 1, 2009. It is as yet too early to determine precisely how this measure will impact the results of Groupe Caisse d'Epargne in 2009.

Reputational or legal risks with a potentially adverse impact on Groupe Caisse d'Epargne's profitability and commercial prospects cannot be wholly ruled out

Several types of small claims or litigation may give rise to a reputational risk event for Groupe Caisse d'Epargne and harm its future commercial prospects. These claims relate not only to sales of commercial products and related transactions, but may also arise from inadequate management of potential conflicts of interests, legal and regulatory requirements, compliance issues, anti-money laundering legislation, data security policies and sale and transaction processing practices. Inadequate management of any of these problems may also result in additional legal risk for Groupe Caisse d'Epargne and an increase in the number of lawsuits and claims for damages, or expose the Group to the risk of being sanctioned by the regulatory authorities.

4.14.2 IT risks

Among the main focuses of the Information System Security teams in 2008 were the development and application of a standard set of permanent controls covering all areas of security and the integration of security into nationwide projects.

All Groupe Caisse Epargne companies turned in the initial tangible results from ISS controls in the second half of 2008 which were compiled and reported to the Group managers of these controls.

The integration of security was implemented in new nationwide projects and new marketing processes under the supervision of special committees (Group Product Approval Committee, Commercial Procedures Validation Committee).

Furthermore, developments in cybercrime were closely monitored, notably domain names, fraud attempts and malicious acts.

In keeping with the experiences of most banks throughout the world, several attempts were made in 2008 to attack the Group's IT systems using web-based techniques such as phishing, pharming, scam, Trojan horses and Internet viruses.

These attacks were all repelled without any real harm being caused to our customers thanks to in-house prevention and detection procedures as well as the responsiveness of the Information Systems Security function working in tandem with the relevant business lines.

Investments were made to improve online banking security in 2008 based on a review to select a strong authentication system for our customers. It will be implemented in 2009.

Groupe Caisse d'Epargne will continue to foster awareness among web-customers of the dangers and risks inherent to this medium.

Groupe Caisse d'Epargne's policy seeks to limit and control IT risk, which involves reinforcing IT security and remaining constantly alert to system and network vulnerability.

4.14.3 Business continuity planning

Structures and persons in charge of business continuity

Groupe Caisse d'Epargne has set up a Business Continuity Function that brings together the Business Continuity officers of the individual Caisses d'Epargne and subsidiaries subject to internal control regulations. The function is coordinated by the Group Security unit, which defines business continuity planning.

The main BCP strategies are presented on a regular basis to the Group Internal Control Oversight Committee which is chaired by the Chief Executive Officer of the CNCE.

The resulting action plans are put before the National Security Committee, comprised of the Management Board members of the Group entities in charge of security and chaired by a Caisse d'Epargne Chairman.

These action plans include the improvements to be made to entities' continuity plans which are identified in conjunction with the members of the function and must comply with business continuity planning.

Groupe Caisse d'Epargne's business continuity policy is adapted to each entity and validated by its senior management. The BCP Steering Committee, overseen by a senior manager, validates and monitors the measures to be implemented at the local level.

Structure of the business continuity plan

Each member entity of the Business Continuity Function has set up a "business continuity" structure, which includes a crisis management system and business continuity procedures that have been laid down in business continuity plans and are designed to resist an extreme event.

Business Continuity officers ensure the comprehensiveness and efficiency of their systems in compliance with Group strategy by bringing together a network of business experts who are in charge of managing a part of the system.

The Group Security unit participates in the Group crisis coordination and management system.

Supervision and monitoring

Progress made on action plans is reported on a regular basis to the Group Internal Control Oversight, National Consultative and National Security Committees.

The Group Security unit's supervision and monitoring is based on monthly reporting on both system comprehensiveness and maintenance. This reporting is also used by the senior management of individual entities to supervise their own business continuity plan.

The members of the Function meet monthly as part of the BCP plenary session where information is exchanged upstream and downstream.

The Group Security unit works on strengthening the existing system by implementing projects on a mutualized basis that bring Function members together to improve the efficiency of continuity solutions and ensure their consistency with other systems.

Structuring of the business continuity plan based on EGIDE methodology

The Caisses d'Epargne have made it a priority to ensure the satisfaction of the end-customer.

This is reflected in the critical processes selected on the basis of an impact analysis.

The maximum tolerable downtime and maximum tolerable data loss with regard to the standard criteria (regulatory, financial, reputation) are considered in determining how critical a process is.

The system is designed based on three generic scenarios which are intended to face the risks rather than analyze the causes, with one specific scenario regarding health risks.

The generic scenarios are:

- extended unavailability of access to information systems;
- inaccessibility of office facilities;
- long-term unavailability of staff.

Banking continuity solutions are described in specific business continuity plans for each process and scenario.

The management of the resources required to operate business processes is outlined in three additional plans involving, respectively, property resources, IT resources and other resources required on a backup site.

Lastly, these continuity solutions and resources are coordinated in a crisis management system backed by crisis communication measures set out in two additional plans.

Outside periods of crisis, BCP maintenance and testing rules are defined in specific documentation.

Maintenance is monitored by the BCP management system, and testing is covered in a development plan based on a three-year schedule.

Main developments in 2008 and the areas of improvement identified

The systems of the Caisses d'Epargne and most of the subsidiaries are maintained in operating condition.

The Business Continuity Function is now focusing on validating the consistency of the different systems and measures, in terms of both decisions and businesses, whether these measures are under the operational responsibility of the internal staff members or third parties.

The Caisses d'Epargne and entities in charge of Information Systems also provide assistance in merging processes by adapting their business continuity system to the needs of new production structures.

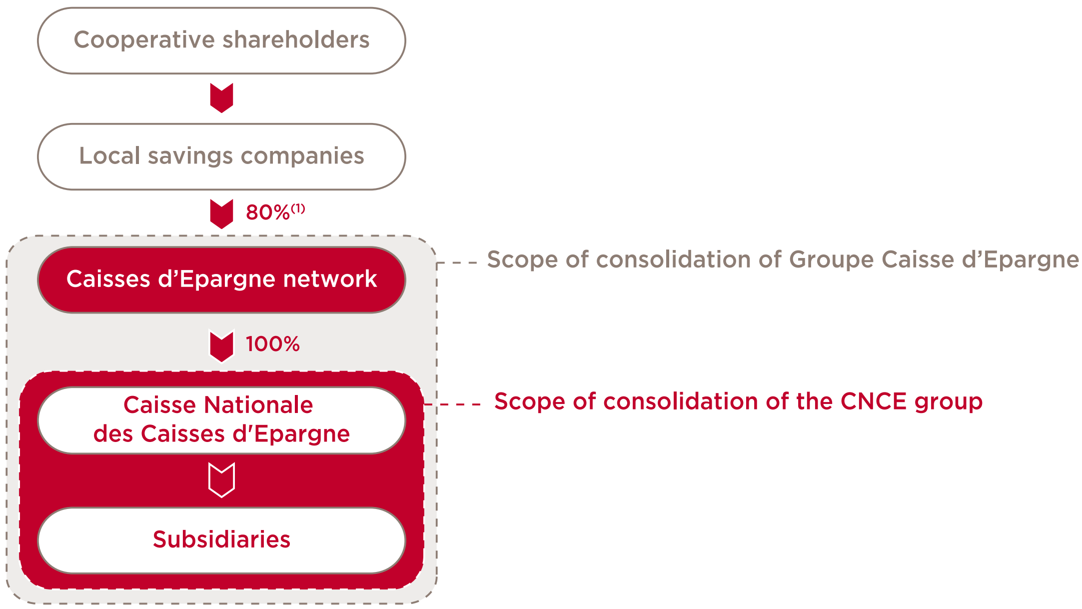
5 Management report

Introduction

This management report sets out the performances of the two groups built around the central institution, the Caisse Nationale des Caisses d'Epargne (CNCE), and the individual Caisses d'Epargne:

- Groupe Caisse d'Epargne (GCE);
- the CNCE group.

The CNCE group's results are presented in summary form, as there is a strong correlation between the business activity and performances of the two groups. The main difference between the groups is that only a portion of the Caisses d'Epargne's income is included in that of the CNCE group on the "share in net income/(loss) of associates" line, via the Caisses d'Epargne's cooperative investment certificates (CICs) held by Natixis since the end of 2006, representing 20% of their capital.



(1) The remaining 20% of the Caisses d'Epargne network is held by Natixis via cooperative investment certificates (CICs); 100% of the voting rights are held by local savings companies.

5.1 Significant events of 2008

5.1.1 A tense economic and financial situation, with increasingly interventionist government policies

From the subprime crisis to the banking crisis

The financial crisis sparked in 2007 by the drop in U.S. real estate prices combined with rising interest rates worsened in 2008.

During the first half of 2008, housing prices in the U.S. fell more steeply, triggering a decline in the financial situation of monoline insurers, which had granted guarantees against securitized real estate assets.

The financial crisis intensified in the second half of the year, which saw a number of extensive economic and financial upheavals: the collapse of Lehman Brothers and Washington Mutual in September, the virtual paralysis of the interbank market over the space of several weeks, and the rescues of major banks by way of mergers, bad loan buyouts or government intervention.

Plummeting market confidence

Against this backdrop, 2008 saw a surge in volatility in the various markets and indices. Developments in financial markets included the recovery, to a surprising extent, in the value of the U.S. dollar and the spectacular downturn in the main stock market indices (the Eurostoxx 50 lost 44.4% and the CAC 40 dropped 42.7%, falling below 3,000 points in November).

Central banks and governments compelled to take vigorous action

Numerous actions were implemented in an attempt to encourage a return to financial stability. Accordingly, central banks injected massive amounts of cash into the markets and cut their key interest rates significantly. As part of a joint European action plan, the French government adopted a series of measures aimed at restoring confidence in the banking system in October 2008. The government's measures fall into two categories: the first designed to improve access to liquidity, the second aimed at improving banks' regulatory capital ratios.

5.1.2 Significant regulatory changes

Revised accounting standards in response to the crisis

At the behest of government officials, international accounting regulators (the FASB and the IASB) looked at the issues surrounding fair-value accounting, often considered as compounding the financial crisis. This work resulted in further explanations concerning the use of fair-value measurement in a crisis environment, and particularly with respect to the methods used to determine fair value in an inactive market. The IASB also harmonized the requirements for the reclassification of financial instruments under IAS 39 with those of U.S. GAAP.

The Group therefore transferred €18 billion in non-derivative financial assets from the "fair value through profit or loss" category to the "loans and receivables" category, as authorized by the October 2008 amendment to IAS 39.

Transition to Basel II

The new regulatory framework introduced in Basel II resulted in a significant change in the way in which capital was allocated across the Group in 2008, involving a number of capital increases.

For example, to strengthen the CNCE's regulatory capital position, the individual Caisses d'Epargne subscribed to a €3.2 billion capital increase, finalized on March 31, 2008, through the issue of ordinary and preferred shares in equal proportions.

Similarly, in September 2008, Natixis carried out a €3.7 billion capital increase to strengthen its financial position and bring its capital adequacy ratios in line with those of Europe's most highly capitalized banks.

Shareholder advances granted jointly in the first half of the year by the CNCE and Banque Fédérale des Banques Populaires (BFBP) for a total of €2.5 billion were capitalized as a result of this transaction.

Deregulation of the distribution of Livret A savings account, a communication challenge starting in 2008 and a financial hurdle as of 2009

The Livret A savings account, a tax-free product with a regulated interest rate (1), was distributed exclusively by the Caisses d'Epargne and Banque Postale until December 31, 2008. The funds collected are deposited with the Caisse des Dépôts, which uses them to finance initiatives in the public interest, chiefly social housing, mass transit, and hospitals.

In response to demands by EU authorities and pursuant to the reforms introduced by the French Law on the Modernization of the Economy, all banking institutions have been authorized to distribute Livret A savings accounts since January 1, 2009.

5.1.3 Impact of the financial crisis on the Group

Despite the exceptional nature of the current financial crisis, the Group remains strong, and its solvency satisfactory. However, as some business lines were more heavily impacted by this difficult environment, the Group has implemented a series of dynamic measures aimed at reducing its risk profile and refocusing on its core retail banking business.

Natixis' Corporate and Investment Banking division

In 2008, the Corporate and Investment Banking division recorded impairment losses and value adjustments, focused mainly on its proprietary trading and principal finance businesses, and to a lesser extent in its capital markets business.

Measures taken by the Group

Natixis rewrote its business plan and is in the process of achieving a new balance in its business model by radically transforming its Corporate and Investment Banking business. This change in strategy was approved by its Supervisory Board at a meeting on December 18, 2008. The measures adopted include a withdrawal from most of its proprietary and complex derivatives trading activities, as well as a strategic refocusing on its client-based business and a reduction in the risk profile.

Financial portfolios of the individual Caisses d'Epargne and the CNCE

Value adjustments and permanent impairment losses were recorded on assets in the financial portfolios of the individual Caisses d'Epargne and the CNCE.

Measures taken by the Group

The CNCE's proprietary trading activities – excluding its central treasury and refinancing functions – are now being phased out and are subject to reinforced internal controls.

The financial portfolios of the individual Caisses d'Epargne were significantly scaled down in 2008, by more than 50% over the year.

CIFG: success of the commutation agreement

As of December 31, 2007, upon completion of the joint acquisition by CNCE and BFBP of the entire share capital of CIFG, a monoline insurance group previously a wholly owned subsidiary of Natixis, CIFG was deemed to be a jointly controlled entity and was therefore proportionately consolidated in the accounts of its two shareholders.

(1) The annual interest rate for the Livret A savings account was raised twice in 2008 (on February 1 and on August 1), bringing it to 4%, its highest level since 1996. It was cut to 2.5% as of February 1, 2009.

Since that date, in view of developments in the markets and the position of the CIFG joint venture:

- any further financial support from CNCE and BFBP, over and above that already given, has been ruled out;
- a new management team has been appointed at CIFG, to lead negotiations with the entity's main creditors;
- a commutation process with the company's creditors, under the control of supervisory authorities, was launched in the first quarter of 2008.

This process, which was successfully concluded in mid-January 2009, resulted in the cancellation of guarantees granted to counterparties (representing 98% of some categories of derivatives) in consideration for a cash payment and a stake in CIFG in the form of shares.

Under this agreement, the counterparties now hold approximately 90% of CIFG's share capital, with CNCE and BFBP together holding the remaining 10%.

Given the level of write-downs and impairments already recorded as of December 31, 2007, the deconsolidation of CIFG in 2008 had no impact on the Group's results.

5.1.4 Other significant events

Trading loss involving the CNCE in October 2008

In October 2008, while performing its usual internal control procedures, Groupe Caisse d'Epargne identified trading positions in equity derivatives taken by the Caisse Nationale des Caisses d'Epargne resulting in a pre-tax loss of €752 million.

These open positions were taken against the backdrop of extreme market volatility and the collapse of equity markets in the week of October 6, 2008.

The measures necessary to close these positions, most of which involved over-the-counter instruments, were carried out on October 15-16, 2008, and the discontinuation of this activity generated significant losses.

In order to provide the most relevant information, and thereby facilitate the understanding of the Group's financial performance in 2008, the total loss incurred in connection with this market incident is presented in a specific heading of the consolidated statement of income entitled "Losses resulting from the CNCE market incident of October 2008."

Change in governance

On October 19, 2008, the Supervisory Board of the CNCE accepted the resignations of Charles Milhaud, Nicolas Mérindol, and Julien Carmona.

Bernard Comolet, Chairman of the Management Board of Caisse d'Epargne Ile-de-France, and Alain Lemaire, Chairman of the Management Board of Caisse d'Epargne Provence-Alpes-Corse, were unanimously appointed as members of the CNCE's Management Board. Bernard Comolet serves as Chairman of the central institution's Management Board, while Alain Lemaire was appointed as Chief Executive Officer. Guy Cotret and Alain Lacroix remain on the Management Board, with the same titles as before. Julien Carmona is responsible for the executive management of the Finance division and reports to the Chief Executive Officer.

Ongoing restructuring operations and IT urbanization projects

The Group continued and intensified efforts begun in prior years to restructure and streamline its operations in 2008.

The retail network merger process was finalized in the first half of the year, reducing the number of different Caisses d'Epargne from 29 to 17 in the space of 18 months. In addition, the *IT Performance* [(1)] project was initiated during the year, with the successful migrations of three Caisses to the new, shared IT platform.

The Group's subsidiaries also began to implement cost-cutting measures:

- the "Performance" process introduced by Natixis in the first half of the year was accompanied by an employment adaptation plan which was launched on September 22. These initiatives were given additional impetus by the announcement of the plan for an in-depth transformation of the Corporate and Investment Banking business;
- for the Commercial Banking subsidiaries, Crédit Foncier aimed to streamline its support functions, Banque Palatine applied enhanced cost oversight procedures, and the Financière Océor group identified ways to pool and redeploy its resources.

The CNCE also adopted cost-cutting measures, which resulted in a 16% reduction in overheads in 2008.

Finally, the subsidiaries pursued their restructuring measures. In the first half of 2008, Natixis transferred its institutional custodial services, fund administration activities, and issuer services to CACEIS, while the second half of the year saw the transfer of Crédit Foncier's retail and professional banking services to Banque Palatine.

(1) Plan to move towards a single IT platform by 2010.

5.2 Groupe Caisse d'Epargne's results

In millions of euros	Published data 2008	Published data 2007	Published data 2008/2007	Restated data [1] 2008	Restated data [1] 2008/2007
Net banking income	8,409	9,768	-14%	10,870	-5%
Operating expenses	(8,613)	(8,247)	4%	(8,300)	3%
Gross operating income	**(204)**	**1,521**		**2,570**	**-24%**
Cost/income ratio	*>100%*	*84.4%*		*76.4%*	*6.0 pts*
Cost of risk	(1,441)	(259)		(583)	nm
Share in net income/(loss) of associates	211	303		211	-30%
Net gain or loss on other assets	19	225		19	-91%
Trading loss	(752)				
Goodwill impairment	(636)	(40)			
Income before tax	**(2,803)**	**1,750**		**2,217**	**-41%**
Income tax	800	(290)			
Minority interests	(12)	(93)			
Net income attributable to equity holders of the parent	**(2,015)**	**1,367**			
Average equity (excluding OCI)	18,579	18,717			
Return on equity [2]	*na*	*7.3%*			

(1) Restated for the impact of the financial crisis (see paragraph 5.7.1), restructuring costs, change in the value of goodwill, and the trading loss (in 2008).

(2) Calculated based on average equity (excluding unrealized or deferred gains and losses).

Groupe Caisse d'Epargne's **net banking income (NBI)** fell by 14% to €8.4 billion in 2008. The impact of the crisis on the Group's revenues amounted to -€2.5 billion (compared with -€1.7 billion in 2007), of which:

- -€1.3 billion penalizing the Wholesale Banking & Financial Services division, due to the impairment of high risk assets and exposure to monoline insurers;
- -€1.2 billion in adjustments to the value of investment portfolios held by CNCE and Caisses d'Epargne (Other Activities division).

Restated for the impact of the crisis, the fall in NBI would have been limited to -5%, bearing in mind that 2007 revenues included sizeable capital gains of roughly €0.4 billion from the exchange of San Paolo IMI shares for Intesa shares and the sale of Véolia shares. The robust performance notched up by the Commercial Banking division and the consolidation of Nexity over the full year (it was first brought into the scope of consolidation on July 1, 2007) nevertheless cushioned this decline in NBI.

The 4% increase in **operating expenses** reflects the Group's growth policy, with the creation of a Real Estate Services division, as well as ongoing streamlining operations across the Group.

Restated for restructuring costs and the impact of the structural change in the Real Estate Services division, the Group's operating expenses held steady. This is the result of determined and targeted action taken across the Group, and most notably at CNCE and Natixis.

The Group's restated **cost/income ratio** amounted to 76.4%, a 6-point increase compared with 2007.

The surge in the **cost of risk,** which totaled -€1.4 billion in 2008, reflects the deterioration in the economic environment. Excluding the impact from the crisis, the cost of risk came to -€0.6 billion, compared with a charge of €0.2 billion in 2007. This figure reflects reduced risk on retail loans, attributable to the quality of the loan book, with Retail Banking and the public sector together accounting for 70.1% of credit exposure. In proportion to the average Basel I risk-weighted assets, the cost of risk stands at a low 25 basis points.

Following impairment tests conducted on all goodwill recorded on the balance sheet, the most significant impairment loss concerned goodwill allocated to Natixis' Corporate and Investment Banking business (-€0.7 billion).

With a smaller contribution from companies consolidated under the equity method and a significant decrease in capital gains on other assets (bearing in mind that a gain of €115 million was recognized in 2007 following contributions to Nexity), the **loss before tax** was -€2.8 billion, after taking into account the CNCE's -€0.8 billion trading loss.

Restated for non-recurring items, namely the impacts of the crisis, restructuring costs, changes in the value of goodwill and the trading loss, income before tax would have totaled €2.2 billion.

The loss attributable to equity holders of the parent, after taking into account a net tax gain of €800 million from the recognition of certain deferred tax assets, and after subtracting minority interests, totaled -€2 billion.

5.3 Activity and results by operating line

Groupe Caisse d'Epargne is currently organized around four main divisions:

- **Commercial Banking,** comprising lending, savings and other banking services carried out by the individual Caisses d'Epargne, the Crédit Foncier group and the other subsidiaries within the Group network (mainly the Banque Palatine and Financière Océor groups), as well as the retail businesses affiliated to the CNCE;
- **Insurance,** which includes the Group's life and non-life insurance subsidiaries (mainly CNP Assurances and GCE Assurances);
- **Real Estate Services,** comprising Nexity, the market leader in corporate and real estate development, and the Group's other real estate subsidiaries (notably Maisons France Confort, Meilleurtaux, GCE SEM and GCE Habitat);
- **Wholesale Banking & Financial Services** (corresponding to the contribution of Natixis), which is held in equal proportions by the Caisse d'Epargne and Banque Populaire Groups.

The Group also has a cross-functional "Other Activities" division housing businesses that are not directly operational, including mainly:

- holding structures that manage the central financing operations conducted by the CNCE on behalf of the Group's divisions, CNCE support functions and investment management services;
- the financial portfolios of the Caisses d'Epargne [1];
- non-recurring income and expense not directly related to the activities of the various divisions (restructuring charges/gains, changes in value of goodwill, amortization of valuation differences etc.).

Rules governing the allocation of equity:

The operating divisions record any revenue generated on their allocated capital. The basic rule under Basel II is to allocate equity over the period in accordance with the average regulatory capital requirement of 6% of risk-weighted assets. However, equity allocation is subject to specific criteria in some businesses, due to the risk relating to their portfolio. For instance, capital allocated to the Insurance business is equal to the solvency margin calculated in compliance with insurance industry regulations. The capital allocated to the Wholesale Banking & Financial Services division is also calculated differently.

(1) Caisses d'Epargne's financial portfolios encompass proprietary, medium- to long-term investor, corporate finance, capital investment and financial engineering portfolios, in accordance with the terminology used in the Group's new financial management charter applicable as of end-2008 (in 2007, proprietary medium- and long-term portfolios).

5.3.1 Statement of income by operating line

In millions of euros	Commercial Banking 2008	Commercial Banking 2007	Insurance 2008	Insurance 2007	Real Estate Services 2008	Real Estate Services 2007	Wholesale Banking & Financial Services 2008	Wholesale Banking & Financial Services 2007	Other Activities 2008	Other Activities 2007	Groupe Caisse d'Epargne 2008	Groupe Caisse d'Epargne 2007
Net banking income	7,173	7,258	106	86	903	771	1,050	2,094	(823)	(441)	8,409	9,768
Operating expenses	(5,438)	(5,281)	(76)	(66)	(737)	(578)	(1,677)	(1,782)	(685)	(540)	(8,613)	(8,247)
Gross operating income	**1,735**	**1,977**	**30**	**20**	**166**	**193**	**(627)**	**312**	**(1,508)**	**(981)**	**(204)**	**1,521**
Cost/income ratio	*75.8%*	*72.8%*	*71.7%*	*76.7%*	*81.6%*	*75.0%*	*nm*	*85.1%*	*nm*	*nm*	*>100%*	*84.4%*
Cost of risk	(413)	(171)			(1)		(651)	(85)	(376)	(3)	(1,441)	(259)
Share in net income/(loss) of associates	10	12	104	181	8	6	86	110	3	(6)	211	303
Net gain or loss on other assets	(2)	3				6	(2)	2	23	214	19	225
Trading loss									(752)	0	(752)	0
Goodwill impairment									(636)	(40)	(636)	(40)
Income before tax	**1,330**	**1,821**	**134**	**201**	**173**	**205**	**(1,194)**	**339**	**(3,246)**	**(816)**	**(2,803)**	**1,750**
Income tax	(441)	(601)	(11)	(6)	(92)	(65)	231	(16)	1,113	398	800	(290)
Minority interests	(32)	(28)	(3)	(4)	(41)	(76)	(26)	(39)	90	54	(12)	(93)
Net income attributable to equity holders of the parent	**857**	**1,192**	**120**	**191**	**40**	**64**	**(989)**	**284**	**(2,043)**	**(364)**	**(2,015)**	**1,367**

The Group has refocused on its core Commercial Banking business, which accounted for 78% of NBI from operational divisions in 2008 (up from 71% in 2007) and contributed €0.9 billion to its net income.

5.3.2 Commercial Banking

Commercial Banking activity remained strong in 2008, despite a challenging and competitive economic environment. The division also affirmed its commitment in favor of sustainable development and confirmed its prudent and controlled international growth strategy in the form of new subsidiaries and partnerships.

Retail Banking

Moves to adapt the Group's Retail Banking offering in anticipation of the deregulation of the Livret A savings account proved highly successful, with the addition of the savings accounts: Livret GrAnd FormAt and Livret GrAnd Prix savings accounts:

Committed to major social issues, the Group continued to work on its *Bénéfices Futur* program launched in 2007, and took new initiatives to promote socially responsible investment (SRI).

In September 2008, *Ecureuil Immo +*, Caisse d'Epargne's first mass-market real estate investment fund was launched. It allows private individuals to invest in property in the euro zone, while at the same time enjoying the advantages of the tax status granted to investments in securities.

Regional Development Banking

Major initiatives were undertaken in the field of public-private partnerships. Caisse d'Epargne Rhône Alpes, the CNCE, Natixis and Crédit Foncier joined forces to finance the renovation of the regional train service in the Rhône-Alpes region by means of a finance lease.

The CNCE, Caisse d'Epargne Languedoc-Roussillon and EDF Energies Nouvelles Réparties worked together to encourage the financing and installation of solar heating equipment in individual homes.

In November, the Group announced that it had earmarked €2.5 billion to finance local authorities, hospitals and social housing organizations. It pledged to provide an appropriate response, as quickly as possible, to all requests for loans to cover financing needs at the end of 2008.

International expansion

During the first six months of 2008, Financière Océor acquired 60% of Banque Tuniso-Koweitienne (BTK). It also signed a partnership agreement with the Addoha group, Morocco's leading real estate developer. This agreement encompasses the development and sale of real estate assets located in Morocco for customers living in France.

On September 30, 2008, a framework cooperation agreement was signed between the CNCE, Groupement des Caisses d'Epargne et des Chèques Postaux de l'Union Economique et Monétaire Ouest Africain (GCECP-UMOA), the World Savings Banks Institute and the Fédération Nationale des Caisses d'Epargne (FNCE) in favor of migrants' savings: assistance, employee training, easier access to branch networks, deposit collection, transfers or other banking operations between France and African countries.

Contribution to Groupe Caisse d'Epargne's earnings

The three Commercial Banking sub-divisions reported net income of €857 million in 2008, nearly three-quarters of which from lending, savings, banking services and asset-liability management for the Caisses d'Epargne.

	Caisses d'Epargne		Crédit Foncier		Other networks		Commercial Banking		Change	
In millions of euros	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007	in €M	as a %
Net banking income	5,234	5,563	1,103	900	836	795	7,173	7,258	(85)	-1%
Operating expenses	(4,097)	(4,013)	(622)	(619)	(719)	(649)	(5,438)	(5,281)	(157)	3%
Gross operating income	**1,137**	**1,550**	**481**	**281**	**117**	**146**	**1,735**	**1,977**	**(242)**	**-12%**
Cost/income ratio	*78.3%*	*72.1%*	*56.4%*	*68.8%*	*86.0%*	*81.6%*	*75.8%*	*72.8%*	*3.0 pts*	*-*
Cost of risk	(173)	(148)	(166)	9	(74)	(32)	(413)	(171)	(242)	nm
Share in net income/ (loss) of associates			(4)	(1)	14	13	10	12	(2)	-17%
Net gain or loss on other assets	0	(4)	(1)	7	(1)	0	(2)	3	(5)	nm
Income before tax	**964**	**1,398**	**310**	**296**	**56**	**127**	**1,330**	**1,821**	**(491)**	**-27%**
Income tax	(332)	(475)	(100)	(80)	(9)	(46)	(441)	(601)	160	-27%
Minority interests			(25)	(23)	(7)	(5)	(32)	(28)	(4)	14%
Net income attributable to equity holders of the parent	**632**	**923**	**185**	**193**	**40**	**76**	**857**	**1,192**	**(335)**	**-28%**

The Commercial Banking businesses showed a high level of resilience in 2008, with exceptional performances in savings and banking services. However, its financial results suffered from the very challenging and competitive environment.

Strong growth in the savings business in 2008

Commercial Banking **net inflows** surged by 48% year-on-year to a total of €9.7 billion, well ahead of the previous record in 2007.

Retail Banking was the main driver behind the new money, with more than €9.1 billion over the year, up from €5.5 billion in 2007. **Liquid savings** were particularly strong, both in term deposits and savings accounts, driven by high short-term interest rates. **Investment savings** suffered from outflows on home purchase savings plans, a marked slowdown in life insurance and massive outflows from mutual funds sparked by households' aversion to risk.

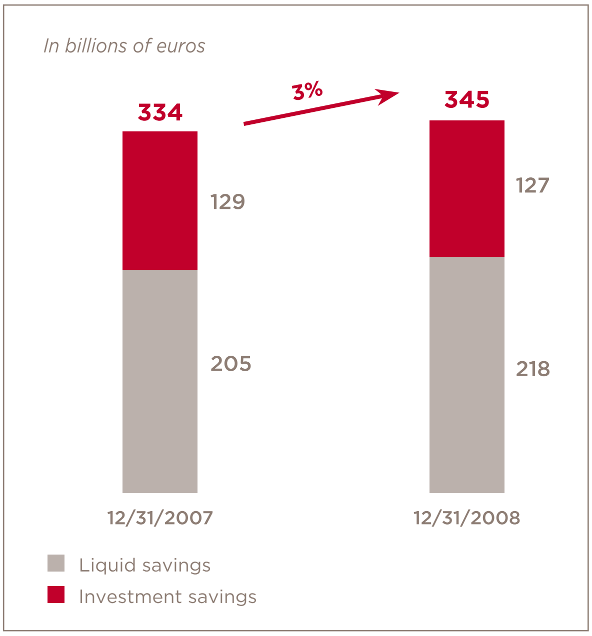
Regional development banking inflows, down 43% compared with 2007, totaled €0.6 billion, with mixed performances in the corporate and social housing sectors.

Customer savings held by the Commercial Banking division, including demand deposits, amounted to €345 billion at December 31, 2008, up 3% on end-2007:

- **liquid savings** (€218 billion in total) were up 6%. Savings held in regulated funds deposited with Caisse des Dépôts were the main driver behind the growth in liquid savings, advancing by 9% over the year to €93 billion. Deposits in Livret A savings accounts increased by 16%, on the back of the substantial increase in the interest rate paid to customers, risk aversion on the part of retail customers and the launch of new products. Savings held in other accounts and demand deposits rose by 13% to €90 billion, with customers attracted by high interest rates and the impact of the change in rules governing the centralized management of funds deposited in Livret d'épargne populaire (LEP) and Livret de développement durable (LDD) savings accounts. The non-centralized portion of LDD deposits rose by 25%, and that of LEP deposits doubled over the period. By contrast, home purchase savings continued to decline, by 12% over the year;
- **investment savings** (€127 billion in total) were down 2%, due in large part to falling mutual fund volumes (-10%) in a climate of high aversion to risk.

In addition, the individual Caisses d'Epargne also continued to sell members' shares to their local customers. At end-December 2008, cooperative shareholders had purchased shares for a total of €4.5 billion (up 20%).

Customer savings including demand deposits

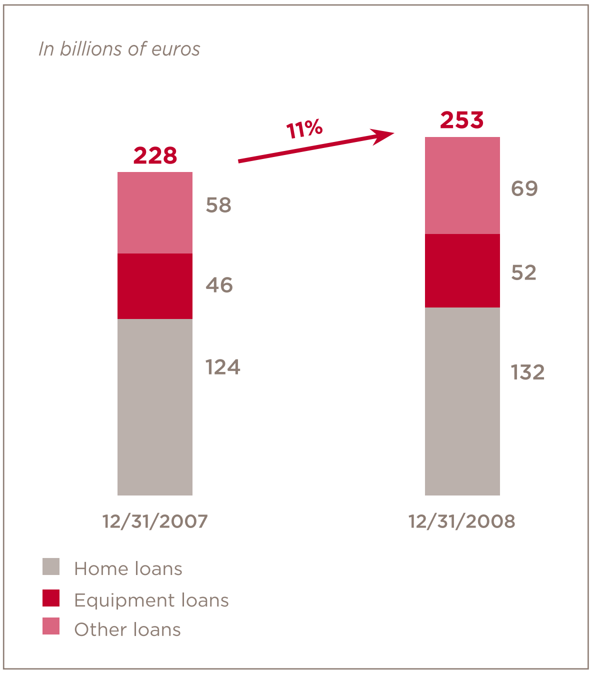


Loans: strong involvement in funding the economy

GCE's Commercial Banking division's **loan commitments** totaled nearly €54 billion, down 13% on 2007, which was a milestone year in lending. Performances were more mixed in 2008. The deterioration in the economic environment, with the increase in interest rates and the downturn in the real estate market, weighed heavily on home lending, whereas consumer lending increased substantially.

In Commercial Banking, **loan outstandings** increased by 11% compared with the end-2007 figure, reaching €253 billion. All the Group's markets enjoyed brisk business: housing loans, equipment loans and short-term credit facilities recorded increases of 7%, 12% and 13%, respectively.

Loan outstandings



Net banking income held firm in challenging economic conditions

Net banking income edged down by 1% to nearly €7.2 billion in Commercial Banking.

In millions of euros	2008	2007	Change in €M	Change as a %
Interest margin and other products	3,755	3,956	(201)	-5%
Commissions and fees	3,418	3,302	116	4%
NBI	**7,173**	**7,258**	**(85)**	**-1%**
Weight of commission income in NBI	47.7%	45.5%	-	2.2 pts
Weight of the Livret A savings account in NBI	10.3%	9.2%	-	1.1 pt

Interest margin and other products

This item amounted to €3.8 billion, down €201 million (-5%), with contrasting performances in the various sub-divisions.

Caisses d'Epargne recorded a €407 million decline, due largely to the increased cost of refinancing its commercial activity and a lower level of provision reversals on home purchase savings accounts (-€140 million).

The Crédit Foncier group posted a significant €196 million increase (+27%), its interest margins having held firm despite lower volumes. It also recorded capital gains on divestments.

The interest margin and other products item for other networks was relatively stable.

Net commission and fee income [1]

Net commission and fee income totaled €3.4 billion in 2008, a 4% increase.

In millions of euros	2008	2007	Change in €M	Change as a %
Commissions and fees from centralized savings products	821	756	65	9%
Commissions and fees from financial savings products	757	844	(87)	-10%
Commissions and fees from loans	592	510	82	16%
Commissions and fees from banking services	1,248	1,192	56	5%
Net commission and fee income	**3,418**	**3,302**	**116**	**4%**

This increase was driven by commissions and fees across the board, except those relative to financial savings products.

Commissions and fees from centralized savings products increased by 9% to €821 million, on the back of a €70 million increase in commissions on Livret A savings accounts.

Commissions and fees from financial savings products fell by 10% to €757 million, reflecting the impact from the decline in commissions on life insurance savings products (-6%) and the fall in commissions and fees on mutual funds (-20%), attributable to the combined effect of transfers to money market funds and the maturing of guaranteed funds in late 2007 and early 2008.

Commissions and fees from loans advanced by 16% to €592 million thanks to commissions and fees on payment protection insurance (+15%).

Commissions and fees from banking and other services increased by a moderate 5% to €1.2 billion, reflecting the increase in sales of service packages within the Caisses d'Epargne.

(1) Income generated by the distribution of Livret A savings accounts is included in net commission and fee income for the purposes of the management report.

Controlled operating expenses

In millions of euros	Caisses d'Epargne 2008	Caisses d'Epargne 2007	Crédit Foncier 2008	Crédit Foncier 2007	Other networks 2008	Other networks 2007	Commercial Banking 2008	Commercial Banking 2007	Change in €M	Change as a %
Personnel costs	(2,427)	(2,357)	(340)	(361)	(510)	(469)	(3,277)	(3,187)	(90)	3%
Other operating expenses	(1,671)	(1,656)	(282)	(258)	(208)	(180)	(2,161)	(2,094)	(67)	3%
Operating expenses	**(4,098)**	**(4,013)**	**(622)**	**(619)**	**(718)**	**(649)**	**(5,438)**	**(5,281)**	**(157)**	**3%**

Operating expenses edged up by 3% to €5.4 billion.

Caisses d'Epargne's operating expenses were kept down, bearing in mind that the apparent 3% increase was calculated using an artificially low 2007 comparison base attributable to the €40 million reversal relating to the MNCE.

Crédit Foncier demonstrated impressive control over its operating expenses, despite the inclusion of a provision covering the restructuring of its property holdings and IT tools, for around €29 million.

The increase in operating expenses in the other networks corresponds mainly to structural changes (consolidation of BTK in early 2008, full-year impact from the pooling of resources).

Gross operating income totaled €1.7 billion (-12%). The **cost/income ratio** worked out at 75.8% (+3 points).

Higher cost of risk, reflecting a prudent provisioning policy

	2008	2007	Change
Cost of risk *(in €M)*	**(413)**	**(171)**	**(242)**
Individually-assessed impairment	*(276)*	*(116)*	*(160)*
Portfolio-assessed impairment	*(137)*	*(55)*	*(82)*
Performing loans *(in €bn)*	251.3	225.9	25.4
Doubtful loans *(in €bn)*	4.1	4.0	0.1
Provisions *(in €bn)*	(2.7)	(2.3)	(0.4)
Doubtful loans/Performing loans	1.6%	1.8%	-0.2 pt
Cost of risk/total outstanding loans	16.2 bp	7.4 bp	8.8 bp
Cover rate	64.7%	58.1%	6.6 pts

The **cost of risk** amounted to €413 million, a €242 million increase, mainly incurred by the Crédit Foncier group and, to a lesser extent, the Caisses d'Epargne.

The Caisses d'Epargne recorded a cost of risk of around €170 million, a limited increase of only €25 million.

The Crédit Foncier group's cost of risk was unchanged, reflecting prudent risk management. Portfolio-assessed provisions (€119 million) were recorded to cover public and private customer risks, taking into account the deterioration in the real estate market. Other provisions were set aside to cover matured bridging loans (€20 million). These provisions went hand-in-hand with a limited decrease in the individual cost of risk (€27 million).

Consolidated net income and return on equity

Income before tax amounted to €1.3 billion, down 27% on 2007. The Group's income tax expense totaled €440 million, and minority interests amounted to €32 million. The **net income contribution** from the Commercial Banking division totaled €857 million in 2008.

Equity calculated under Basel II criteria and allocated to the Commercial Banking division totaled €7.8 billion, and yielded a return of 9% at the end of 2008.

5.3.3 Insurance

On July 1, 2008, Ecureuil Assurance IARD adopted a new corporate name, GCE Assurances, reflecting its strategy of diversifying its presence in the insurance business. Since its creation, GCE Assurances has expanded its product offering (car and house insurance, medical and health insurance, and legal protection), while also taking over Muracef's health insurance and para-banking businesses following the restructuring of the Group's insurance division in 2007.

2008 was a milestone year in the strategic partnership between GCE, Macif and MAIF, with the two mutual insurers' acquiring a 40% interest in GCE Assurances from the CNCE. GCE Assurances' capital is now split between its three principal shareholders: 60% for CNCE, 25% for Macif and 15% for MAIF.

The Group launched two new life insurance products targeting over-55s and incorporating the expectations of seniors in terms of security, simplicity and availability: *Yoga* (non unit-linked policies) and *Aïkido* (combined unit-linked/non unit-linked policies).

In December, the CNCE acquired a 10% stake in SOCRAM (known as SOCRAM Banque since January 1, 2009). This new strategic alliance between the Group, Macif and MAIF will allow a range of banking services to be offered to the two mutual insurers' members and customers.

In commercial terms, the insurance sector as a whole recorded contrasting performances in 2008, in correlation to the prevailing market conditions. There was a strong demand for pure insurance products (loan guarantees and payment protection insurance) to the detriment of policies offering life and non-life insurance cover.

Risk businesses

GCE Assurances recorded strong performances in this sector, with more than 45,000 health insurance contracts sold, and solid business in "payment protection insurance," with a 4-point increase to 84.7% in the proportion of Group home loans covered by the Group's policies.

Similarly, CNP Assurances posted an increase in revenues from loan insurance (+6.8%) and health insurance (+4.4%).

Life insurance and non-life insurance cover

Inflows into life-insurance policies were down 22% compared with 2007. In non-life insurance, while premium income was up 6.2% at €333 million for the year ended December 31, 2008, gross sales volumes decreased by 11% compared with 2007.

In addition, GCE Assurances is number three in the G9, the professional body of French banks providing non-life insurance, thanks to the successful launch of its health insurance offering.

CNP's savings business (in Europe) suffered over the year from fierce competition in liquid savings products, and from falling equity markets, which weighed on sales of unit-linked products. It nevertheless managed to achieve stronger performances in the final quarter of 2008 thanks to the marked recovery of business in France, where gross fund inflows rose by nearly 2% compared with the final quarter of 2007. In addition, CNP benefited from the strength of its Brazilian subsidiary, especially in pension products, where inflows surged by 53.2% in 2008.

	Insurance		Change	
In millions of euros	**2008**	2007	in €M	as a %
Net banking income	106	86	20	23%
Operating expenses	(76)	(66)	(10)	15%
Gross operating income	**30**	**20**	**10**	**50%**
Cost/income ratio	*71.7%*	*76.7%*	*-5.0 pts*	*-*
Share in net income/(loss) of associates	104	181	(77)	-43%
Income before tax	**134**	**201**	**(67)**	**-33%**
Income tax	(11)	(6)	(5)	83%
Minority interests	(3)	(4)	1	-25%
Net income attributable to equity holders of the parent	**120**	**191**	**(71)**	**-37%**

The division's net banking income totaled €106 million in 2008, a 23% increase compared with 2007. This growth was mainly attributable to the substantial revenue generated by GCE Assurances in non-life insurance.

Operating expenses climbed 15% to -€76 million, primarily reflecting the costs incurred following the transfer of Muracef's business activities to GCE Assurances, and the increase in sales personnel costs.

Gross operating income amounted to €30 million. The cost/income ratio totaled 71.7%.

Income before tax was down 33% due to the reduced contribution from CNP, which was 15.76% accounted for under the equity method in the Group financial statements. Despite CNP's impressive performances in its various businesses, fuelling a 13% increase in recurrent operating income, it suffered from significant market impacts on its financial portfolios.

Equity calculated under Basel II criteria and allocated to the Insurance division amounted to €1.5 billion at end-2008, and yielded a return of 8%.

5.3.4 Real Estate Services

The Real Estate Services division continued its expansion as the financial crisis spread into the real economy. The measures taken by all the economic players did little to support the real estate market:

- higher interest rates;
- more restrictive lending policies on the part of banks;
- falling consumer sentiment (encouraging households to build up liquid savings rather than to invest for the long term, prompting first-home buyers to wait for anticipated falls in property prices, etc.).

In the second half of 2008, the Nexity group, the main contributor to the Group's Real Estate Services division, was quick to apply corrective measures, matching its strategy to the changed environment:

- adapting its offering and commercial policies to suit individual projects;
- sharply reducing the number of project launches or freezing programs that were not selling fast enough in order to keep stocks low;
- carrying out internal restructuring (closing or merging regional branches for the housing division, cutting jobs in the property development branch).

The Group's office building rental management subsidiary (Eurosic) received a boost in 2008 from the acquisition, in partnership with Caisse des Dépôts, of the Terra Nova II office block (fully leased), and the conclusion of two contracts with Nexity-Entreprises (the "52 Hoche" property development contract worth €48 million before VAT, and the "Jazz" off-plan sale contract worth €58 million before VAT). The strength of Eurosic's business in 2008 (4% growth in organic rental income [(1)]) went hand-in-hand with a prudent approach to the office market, resulting in the impairment of its real estate assets.

Lastly, at Groupe Caisse d'Epargne level, synergies between business lines are now in place, including:

- the launch of the first real estate mutual fund (*OPCI*) open to the general public and approved by the *AMF* (French financial markets regulator);
- the start of cross-selling:
  - signing of two contracts between Eurosic and Nexity in the office buildings sector,
  - effective cooperation between the individual Caisses d'Epargne and Nexity: 70% of the accommodation in Nexity's "La Ciotat" development were reserved in just 48 hours,
  - joint real estate development agreements involving several Group entities,
  - entry of Socfim into Nexity's banking pool.

Moreover, the Real Estate Services division pursued its growth strategy with the acquisition of a 49% stake in Maisons France Confort Prou Investissement, France's second-largest builder of individual homes. This seals the partnership between the two groups organized under the French Housing Ministry's *Ma maison pour 15 euros par jour*® (own a house for €15 a day) initiative designed for first-time buyers on low incomes.

Since January 1, 2008, Nexity has increased its stake in I-Sélection to 80%.

(1) Including full-year rental income on buildings acquired from the CNCE in 2007.

In millions of euros	2008	Real Estate Services 2007	Change in structure [1]	2007 pro forma [1]	Change [1] in €M	as a %
Net banking income	903	771	252	1,023	(120)	-12%
Operating expenses	(737)	(578)	(117)	(695)	(42)	6%
Gross operating income	**166**	**193**	**135**	**328**	**(162)**	**-49%**
Cost/income ratio	*81.6%*	*75.0%*		*67.9%*	*13.7 pts*	--
Income before tax	**173**	**205**	**135**	**340**	**(167)**	**-49%**
Income tax	(92)	(65)	(46)	(111)	19	-17%
Minority interests	(41)	(76)	(54)	(130)	89	-68%
Net income attributable to equity holders of the parent	**40**	**64**	**35**	**99**	**(59)**	**-60%**

(1) Consolidation of earnings by the Nexity group as of the first half of 2007. Change between 2008 and 2007, as given here, reflects this restatement.

Net banking income was down 12% compared with pro forma 2007 data, despite the resilience of the business and the strong marketing momentum. This change is attributable chiefly to:

- Eurosic's impairment of investment property in the amount of -€53 million;
- the Nexity group's weaker performance in the housing market (margin down 5.8 points), stemming directly from corrective strategic measures taken to deal with the real estate market crisis. By contrast, the group recorded solid performances in office real estate in 2008 on the back of progress in high margin projects;
- the increase in the cost of debt, compounded by the adverse impact of higher volumes (increase in working capital requirements), leading to a substantial increase in net interest expense borne by all contributors.

Operating expenses increased by 6% compared with pro forma 2007 data, due in large part to start-up investments for the Real Estate Services division:

- full consolidation of I-Sélection (Services and Distribution) as of January 1, 2008;
- full-year impact from Meilleurtaux, acquired in the final quarter of 2007.

Accordingly, the division's gross operating income amounted to €166 million.

Minority interests represent the share of net income attributable to the diluted shareholders of the Nexity and Eurosic groups. Net income attributable to equity holders of the parent totaled €40 million for the 2008 fiscal year.

Equity calculated under Basel II criteria and allocated to the Real Estate Services division amounted to €0.4 billion at end-2008, and yielded a return of 3%.

A clearly defined roadmap will enable the division to move into 2009, which looks set to be a cycle trough for the real estate sector, in the best possible conditions:

- Nexity's backlog stands at €3.1 billion, the equivalent of 17 months of property development business, thereby providing the entity with substantial visibility;
- Eurosic is aiming to secure the sale of projects already underway, and plans to cap future acquisitions (€20 million in office space in Greater Paris).

5.3.5 Wholesale Banking & Financial Services

Aside from the deterioration in the economic environment, which sparked numerous defaults by counterparties and sent the markets into turmoil, a number of other events had an impact on the Wholesale Banking & Financial Services division in 2008:

- the investor service business was restructured through the transfer to CACEIS of institutional custody services, fund administration activities and issuer services;
- the Corporate and Investment Banking (CIB) division was transformed. Important measures adopted as part of the transformation plan include:
  - the closure of proprietary trading and derivatives activities, which are among the most complex in the CIB business line. A segregated Workout Portfolio Management Structure has been set up to optimize the management of these activities on a run-off basis,

- a more targeted international presence: operations were scaled back significantly in Asia and the U.S., small offices were closed;
- implementation of the "Performance" strategy and launch of a cost-cutting plan for 2009. The new strategy, which was reflected in a number of streamlining projects in the second quarter of 2008, covers staff, external providers and all general operating expenses. As part of the strategy, Natixis SA employees were offered voluntary lay-offs in September 2008.

The division's contribution to the Group's earnings

The division's earnings were hit by the financial crisis, which mainly impacted underlying loan assets, mainly structured products housed in the Corporate and Investment Banking division. As of the fourth quarter, the collapse of Lehman Brothers left the markets reeling, deepening the crisis and extending it to several of Natixis' business lines. Against this backdrop, the division's contribution to GCE's net income (see paragraph 5.7.3) was a loss of nearly €1 billion, a substantial drop compared with 2007.

	Corporate and Investment Banking		Asset Management and Private Equity & Private Banking		Retail Banking and Services		Receivables management		Other		Wholesale Banking & Financial Services		Change	
In millions of euros	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007	in €M	as a %
Net banking income	(213)	593	554	770	529	508	286	321	(106)	(98)	1,050	2,094	(1,044)	-50%
Operating expenses	(655)	(693)	(406)	(502)	(342)	(315)	(249)	(232)	(25)	(40)	(1,677)	(1,782)	105	-6%
Gross operating income	**(868)**	**(100)**	**148**	**268**	**187**	**193**	**37**	**89**	**(131)**	**(138)**	**(627)**	**312**	**(939)**	
Cost of risk	(537)	(77)	(25)	2	(8)	(6)	(10)	(5)	(71)	1	(651)	(85)	(566)	
Income before tax	**(1,411)**	**(176)**	**128**	**275**	**257**	**289**	**36**	**87**	**(204)**	**(136)**	**(1,194)**	**339**	**(1,533)**	
Net income attributable to equity holders of the parent	**(1,159)**	**(89)**	**76**	**178**	**182**	**214**	**25**	**64**	**(113)**	**(83)**	**(989)**	**284**	**(1,273)**	

Restated 2007 sector information: reclassification of the leasing and international services activities (Natixis Pramex International and Natixis Algérie) from the CIB to the Services division and adjustment of analytical conventions relative to the return on allocated equity and the distribution of overhead expenses.

Net banking income amounted to €1.1 billion in 2008. The impact of the crisis accounted for -€0.7 billion (-€1.3 billion in 2008 compared with -€0.6 billion in 2007) of the €1 billion decline in net banking income. The impacts in 2008 were mainly attributable to the Corporate and Investment Banking division, and relate to the collapse of the credit market for a total of -€0.9 billion and equity and interest rate derivatives for a total of -€0.4 billion (impact of volatility and correlations).

Excluding the impact of the crisis, net banking income would have amounted to €2.3 billion, a 13% decrease. This decline was partly due to the adverse impact of the euro-dollar exchange rate, lower volumes, particularly in Insurance, Investor Services, Employee Benefits Planning, and Asset Management, not to mention lower performance commissions in the latter business.

The division's operating expenses amounted to almost -€1.7 billion, down 6%, thanks largely to the reduction in personnel costs. This stemmed in part from the reduction in the headcount, particularly at the Corporate Center (-6%) and in Corporate and Investment Banking (-3%, of which -7% in France), as well as the significant reduction in performance-based variable remuneration. The reduction in operating expenses accelerated in the second half of 2008.

A gross operating loss in the amount of -€627 million was reported in 2008. Adjusted for the impact of the financial crisis, gross operating income amounted to €651 million, down 26% compared with 2007.

The cost of risk totaled -€651 million, of which -€550 million attributable to the crisis. This represents provisions to cover monoline insurers for -€109 million (-€61 million in 2007), the Lehman Brothers collapse for -€104 million, the Madoff fraud for -€134 million, and counterparty defaults in the Corporate Solutions business for -€113 million.

The loss before tax totaled -€1.2 billion and the net loss attributable to equity holders of the parent amounted to almost -€1 billion, after taking into account a net tax gain and minority interests.

Equity calculated under Basel II criteria and allocated to the Wholesale Banking & Financial Services division amounted to €4.7 billion in 2008.

Performances of the Wholesale Banking & Financial Services operating lines

Contributions to the Wholesale Banking and Financial Services are made by four sub-divisions:

- Corporate and Investment Banking;
- Asset Management, Private Equity and Private Banking;
- Services and Retail Banking;
- Receivables Management.

The other activities which correspond to Natixis' businesses that are not directly operational are included in "Other Activities."

Corporate and Investment Banking

In 2008, Corporate and Investment Banking recorded a net banking charge of €213 million, breaking down into two sub-groups:

- the "New CIB," which houses core businesses earmarked for expansion, including plain vanilla corporate and structured financing, whose net banking income amounted to €1,022 million. Revenues increased in commodity financing and financial engineering, but declined in LBO and property financing;
- the "Workout Portfolio Management Structure" of segregated assets, plus issuer spreads, with a net banking loss of -€1,235 million.

Excluding the impact of the crisis, Corporate and Investment Banking net banking income would amount to €1,054 million, of which €941 million from the "New CIB," and €112 million from the "Workout Portfolio Management Structure."

The division's operating expenses amounted to -€655 million, a 5% reduction compared with 2007, with a significant reduction in variable remunerations offsetting the moderate increase in fixed remuneration stemming from the inclusion of staff based in Sydney. The Corporate and Investment Banking division's gross operating loss totaled -€868 million over the full year.

The cost of risk increased over the period and totaled -€537 million, of which -€458 million attributable to the financial crisis. After netting out tax gains arising from the capitalization of deferred taxes, the subdivision's net loss attributable to equity holders of the parent amounted to -€1.2 billion.

Asset Management, Private Equity & Private Banking

The economic environment weighed heavily on the **Asset Management** business. Assets under management totaled €446.7 billion at the year-end, down 25.5% year-on-year (at constant exchange rates). This reflects a market impact amounting to -€79 billion over the year and net outflows of only -€2.5 billion thanks to solid performances in the first half. Assets under management were also impacted by significant structural change, with the deconsolidation of assets managed on behalf of La Poste in the amount of -€72 billion.

Accordingly, net banking income was down 18% compared with 2007, at €486 million. This decline is attributed to multiple factors: an adverse currency impact of -€27 million, a 75% decline in performance commissions calculated using a high 2007 comparison base in hedge and property funds, and a decrease in commission income due to dwindling asset volumes. The crisis had a limited impact of only -€12 million.

Gross operating income was down 6% at €140 million, due to the tight rein on operating expenses over the year. The cost of risk increased due to the combined impact of two factors: the counter-guarantee given to Lehman Brothers debt securities for money-market funds, generating a cost of risk provision of €14 million in 2008, and the impairment of available-for-sale fixed-income securities on ex-ABS+ lines for a total of €6 million. Net income from Asset Management totaled €80 million in 2008.

The performance of the **Private Equity & Private Banking** business was affected by the economic environment. Private Equity net banking income amounted to €29 million in 2008, down sharply on 2007, with a substantial increase in new provisions and a reduction in unrealized capital gains. Private Banking net banking income decreased slightly to €39 million, despite the fact that margins were impacted by competition, the ongoing decline in the equity markets and the changes in the structure of funds managed in favor of more secure products with lower margins. Gross operating income amounted to €7 million and the net loss totaled -€3.5 million.

Services and Retail Banking

Sales momentum remained high for most **Services,** driven by a strategy prioritizing direct customers and an improved penetration rate in shareholder networks. All businesses posted stellar sales, in aggregate terms as well as in volumes.

Over the period, Natixis Garanties streamlined its structure by merging CEGI, SACCEF and SOCAMAB to create the Compagnie Européenne de Garanties et Cautions, thus making it the number two player in the French market for residential home loan guarantees.

Hence, revenues climbed 4%, gaining traction from the consolidation of CACEIS Bank Deutschland (custody services in Germany) and Olympia (fund administration), despite the decline in insurance revenues.

Operating expenses were held in check over the period (excluding changes in Group structure). Gross operating income amounted to €187 million, down by only 3% compared with 2007, and net income totaled €122 million.

Contributions accounted for under the equity method, which amounted to €73 million in 2008, reflect the earnings of the **Retail Banking** business and, more specifically, those of the Banques Populaires network.

In total, the Services and Retail Banking business recorded net income of €182 million, representing a 15% year-on-year decline.

Receivables Management

The Receivables Management business pressed ahead with its international growth, launching factoring services in Portugal, Lithuania and Luxembourg, and credit insurance in Cameroon and Venezuela. In May 2008, it also acquired Denmark's leading provider of factoring services, Midt Factoring. In 2008, Coface Holding reported significant revenue growth, driven by credit insurance and services outside Europe.

However, following a substantial 23.5-points increase in claims attributable to the poor economic environment, net banking income fell 11% to €286 million.

The €17 million rise in operating expenses stems chiefly from newly consolidated entities. Net income for the year totaled €25 million.

5.3.6 Other activities

	Other Activities		Change
In millions of euros	**2008**	2007	in €M
Net banking income	(823)	(441)	(382)
Operating expenses	(685)	(540)	(145)
Gross operating income	**(1,508)**	**(981)**	**(527)**
Cost of risk	(376)	(3)	(373)
Share in net income/(loss) of associates	3	(6)	9
Net gain or loss on other assets	23	214	(191)
Trading loss	(752)		(752)
Goodwill impairment	(636)	(40)	(596)
Income before tax	**(3,246)**	**(816)**	**(2,430)**
Income tax	1,113	398	715
Minority interests	90	54	36
Net income attributable to equity holders of the parent	**(2,043)**	**(364)**	**(1,679)**

The cross-functional "Other Activities" division posted a gross operating loss of -€1.5 billion. The change compared with 2007 stems from the combined impact of:

- the substantial decrease in net banking income caused in part by the absence of significant capital gains, bearing in mind that capital gains totaling €0.4 billion were recognized in 2007 (Veolia, SPIMI), as well as the reduction in income from Caisses d'Epargne and CNCE investment portfolios in a sluggish financial environment;
- the increase in operating expenses, stemming primarily from the rise in restructuring charges in connection with the urbanization required to ensure the Group's future growth, which totaled -€313 million in 2008.

The cost of risk amounting to -€376 million, of which -€298 million attributable to the impact of the financial crisis, reflects the impairment of the Caisses d'Epargne and CNCE investment portfolios.

Net gain or loss on other assets totaled €23 million, including capital gains on disposals made by the CNCE (€57 million) and by Natixis (€37 million), as well as the valuation of the NGAM/CNP put at -€64 million.

The division recorded a loss due to the CNCE's October 2008 trading loss (-€752 million), as well as the change in the value of goodwill in the net amount of -€636 million.

After taking into account a €1.1 billion tax gain and minority interests, the negative contribution from "Other Activities" to net income attributable to equity holders of the parent totaled -€2 billion.

5.4 Activity and results of the CNCE group

5.4.1 CNCE group results

The consolidation differences between GCE and the CNCE group on the income statement are primarily attributable to the consolidation of the cooperative investment certificates (CICs) held by Natixis instead of the contribution of the Caisses d'Epargne. Certain subsidiaries and economic interest groupings held directly by the Caisses d'Epargne are also excluded from the CNCE's scope of consolidation.

The CNCE group's net income is calculated using GCE's data as follows:

		Restatements				
In millions of euros	**2008 Groupe Caisse d'Epargne**	Cancellation of the Caisses d'Epargne contribution	Consolidation of CICs	Eliminations	Other [1]	**2008 CNCE group**
Net banking income	8,409	(4,833)		48	(150)	3,474
Operating expenses	(8,613)	4,447		(48)	127	(4,087)
Gross operating income	**(204)**	**(386)**		**0**	**(23)**	**(613)**
Cost of risk	(1,441)	395				(1,046)
Share in net income/(loss) of associates	211		39		4	254
Net gain or loss on other assets	19				1	20
Trading loss	(752)					(752)
Goodwill impairment	(636)					(636)
Income before tax	**(2,803)**	**9**	**39**		**(18)**	**(2,773)**
Income tax	800	(13)			5	792
Minority interests	(12)					(12)
Net income attributable to equity holders of the parent	**(2,015)**	**(4)**	**39**		**(13)**	**(1,993)**

(1) Difference in scope of consolidation (mainly BCP France, Muracef and Foncières Ecureuil...).

The €2 billion loss recorded by the CNCE group in 2008 includes:

- the impact of the financial crisis in the amount of -€2.5 billion before tax;
- changes in the value of goodwill (-€0.6 billion);
- the CNCE's non-recurring market loss.

Restated for these elements and Groups scope restructuring costs, the CNCE group's income before tax would have totaled €1.3 billion.

5.4.2 Activity and results by division

	Commercial Banking		Insurance		Real Estate Services		Wholesale Banking & Financial Services		Other Activities		CNCE group	
In millions of euros	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
Net banking income	1,831	1,574	115	94	895	760	1,050	2,094	(417)	(548)	3,474	3,974
Operating expenses	(1,264)	(1,174)	(75)	(64)	(736)	(578)	(1,677)	(1,782)	(335)	(281)	(4,087)	(3,879)
Gross operating income	**567**	**400**	**40**	**30**	**159**	**182**	**(627)**	**312**	**(752)**	**(829)**	**(613)**	**95**
Cost of risk	(240)	(24)			(1)		(651)	(85)	(154)	(33)	(1,046)	(142)
Income before tax	**379**	**489**	**144**	**210**	**166**	**195**	**(1,194)**	**339**	**(2,268)**	**(671)**	**(2,773)**	**562**
Net income attributable to equity holders of the parent	**249**	**344**	**124**	**195**	**34**	**59**	**(989)**	**284**	**(1,411)**	**(282)**	**(1,993)**	**600**

The CNCE group is structured around four operating divisions, and an additional cross-functional division, similar to those of GCE.

- The difference in scope and consolidation method for the Caisses d'Epargne had significant impacts on the results of the Commercial Banking division and the Other Activities division, particularly due to the inclusion of the income from Caisses d'Epargne's investment portfolios in GCE's "Other Activities" division.
- By contrast, the contributions of the Insurance and Real Estate Services divisions are very similar for the two structures.
- In addition, the contributions to earnings from the Wholesale Banking & Financial Services business are identical for both structures.

As consolidation differences are mainly concentrated in the Commercial Banking division, the analysis of the CNCE group's operating businesses focuses on this division.

In millions of euros	Commercial Banking GCE 2008	Restatements: Cancellation of the Caisses d'Epargne contribution	Restatements: Consolidation of CICs	Restatements: Other networks [1]	Commercial Banking CNCE group 2008	Commercial Banking CNCE group 2007	Change in €M	Change as a %
Net banking income	7,173	(5,234)		(108)	1,831	1,574	257	16%
Operating expenses	(5,438)	4,097		77	(1,264)	(1,174)	(90)	8%
Gross operating income	**1,735**	**(1,137)**		**(31)**	**567**	**400**	**167**	**42%**
Cost/income ratio	*75.8%*				*69.0%*	*74.6%*	*-5.6 pts*	*-*
Cost of risk	(413)	173			(240)	(24)	(216)	924%
Share in net income/(loss) of associates	10		39	4	53	102	(49)	-48%
Net gain or loss on other assets	(2)			1	(1)	12	(13)	-109%
Income before tax	**1,330**	**(964)**	**39**	**(26)**	**379**	**489**	**(110)**	**-23%**
Income tax	(441)	332		8	(101)	(118)	17	-14%
Minority interests	(32)			3	(29)	(26)	(3)	11%
Net income attributable to equity holders of the parent	**857**	**(632)**	**39**	**(15)**	**249**	**344**	**(95)**	**-28%**

(1) Difference in scope of consolidation (mainly BCP France, GDM and CTR).

The Commercial Banking division's results reflect its sales momentum and the robust financial performances recorded by the Crédit Foncier group:

- net banking income totaled €1,831 million, an increase of 16% partly attributable to the 20% increase in "interest margin and other products" (€1,344 million in 2008), as well as the 8% growth in commission income (€488 million in 2008). This growth is due to the recognition of significant non-recurring items in the Crédit Foncier group in 2008, as well the solid business performances reported across the division. Loan volumes totaled €121 million, a 17% increase on 2007 (Crédit Foncier group loans represent 89% of the total), while savings deposits were stable year-on-year at €148 million;
- operating expenses amounted to -€1.3 billion, an 8% increase attributable chiefly to changes in the Océor group scope of consolidation.

  Gross operating income accordingly amounted to €567 million (+42%), and the division's cost/income ratio totaled 69%, a 5.6-point improvement;
- in contrast to gross operating income, income before tax declined sharply by 22% due to the combined impact of a higher cost of risk attributable to the very prudent provisioning policy applied in the Crédit Foncier group, and a reduction in the earnings of companies accounted for by the equity method (€39 million for Caisses d'Epargne CICs as opposed to €86 million in 2007);
- the Commercial Banking division's net income amounted to €249 million, down 28% on 2007.

5.5 Balance sheet and equity

5.5.1 Groupe Caisse d'Epargne balance sheet

In millions of euros	12/31/2008	12/31/2007	Change in €M	Change as a %
Cash and amounts due from central banks	13,951	8,571	5,380	63%
Financial assets at fair value through profit or loss	110,723	83,124	27,599	33%
Hedging derivatives	7,357	2,841	4,516	nm
Available-for-sale financial assets	36,701	54,983	(18,282)	-33%
Loans and receivables due from credit institutions	134,382	140,254	(5,872)	-4%
Loans and receivables due from customers	297,539	268,511	29,028	11%
Remeasurement adjustement on interest-rate risk hedged portfolios	1,917	128	1,789	nm
Held-to-maturity financial assets	5,178	4,599	579	13%
Current and deferred tax assets and other assets	33,701	30,156	3,545	12%
Property, plant and equipment, investment property and intangible assets	5,460	4,926	534	11%
Goodwill	2,847	3,360	(513)	-15%
TOTAL ASSETS	**649,756**	**601,453**	**48,303**	**8%**
Amounts due to central banks	308	557	(249)	-45%
Financial liabilities at fair value through profit or loss	101,522	63,773	37,749	59%
Hedging derivatives	7,431	4,397	3,034	69%
Amounts due to credit institutions	81,308	78,981	2,327	3%
Amounts due to customers	227,736	216,570	11,166	5%
Debt securities	158,182	163,466	(5,284)	-3%
Remeasurement adjustment on interest-rate risk hedged portfolios	908	606	302	50%
Current and deferred tax liabilities and other liabilities	25,036	23,940	1,096	5%
Technical reserves of insurance companies	12,542	12,735	(193)	-2%
Provisions	2,683	2,440	243	10%
Subordinated debt	13,696	11,568	2,128	18%
Equity attributable to equity holders of the parent	16,564	20,573	(4,009)	-19%
Minority interests	1,840	1,847	(7)	0%
TOTAL LIABILITIES AND EQUITY	**649,756**	**601,453**	**48,303**	**8%**

The Groupe Caisse d'Epargne's total assets amounted to €650 billion at December 31, 2008, an increase of 8% over the year.

Loans and receivables due from customers stood at €297.5 billion, up from €268.5 billion at December 31, 2007, an 11% increase. This increase reflects the impact of portfolios reclassifications as permitted under the amendment to IAS 39 adopted in October 2008, and the increase in home loans (+7%), short-term credit facilities (+12%) and equipment loans (+12%).

Outstanding customer loans carried on the balance sheet now account for 46% of total assets.

Amounts due to customers increased by €11.2 billion to €227.7 billion, driven mainly by the increase in deposits in Livret A savings account.

Loans and receivables due from credit institutions stood at €134.4 billion as of December 31, 2008. The 4% decline over the year is attributable to a significant decrease in term loans (-€11.7 billion), a moderate increase in demand deposits (+€2.5 billion) and an increase in securities classified as loans and receivables from credit institutions (+€3.2 billion).

Amounts due to credit institutions increased by €2.3 billion, reaching €81.3 billion at end-December 2008. Demand deposits decreased sharply by 36.7% (-€8.5 billion), offset by a 19.3% increase in term deposits (+€10.8 billion).

Financial assets and liabilities at fair value through profit or loss increased by €27.6 billion and €37.7 billion, respectively. These very substantial increases were due in large part to the increase in Natixis' portfolio of derivative instruments (interest rate derivatives and credit derivatives) following market impacts such as the widening of credit spreads. The reclassification of available-for-sale fixed-income securities as held-to-maturity loans and receivables (IAS 39 amendment) attenuated the increase in financial assets and liabilities at fair value through profit or loss, as well as the portfolios' loss of value.

Available-for-sale financial assets were down €18.3 billion following Crédit Foncier's reclassification of certain asset categories (shares in securitized debt funds, international public sector corporates) as loans and receivables (IAS 39 amendment).

Debt securities fell by €5.3 billion to €158.2 billion at end-December 2008. This item reflects the sharp decline in interbank and money-market securities, certificates of deposit and other debts (-€6.0 billion) and a moderate increase in bonds (+€0.9 billion).

Equity attributable to equity holders of the parent totaled €16.6 billion at December 31, 2008, down 19% year-on-year. The decrease includes a -€2.4 billion reduction in unrealized or deferred gains and losses. Excluding unrealized or deferred gains and losses, the residual -€1.7 billion change in equity stems primarily from:

- the impact of the 2008 net loss (-€2,015 million);
- the €748 million capital increase at Caisses d'Epargne;
- the impact of mergers between Caisses d'Epargne (-€45 million);
- the dividend payment (-€218 million).

5.5.2 CNCE group balance sheet

In millions of euros	**12/31/2008**	12/31/2007	Change in €M	Change as a %
Cash and amounts due from central banks	12,721	7,477	5,244	70%
Financial assets at fair value through profit or loss	105,910	77,335	28,575	37%
Hedging derivatives	7,018	2,607	4,411	nm
Available-for-sale financial assets	23,608	34,053	(10,445)	-31%
Loans and receivables due from credit institutions	120,104	131,808	(11,704)	-9%
Loans and receivables due from customers	166,588	144,926	21,662	15%
Remeasurement adjustement on interest-rate risk hedged portfolios	1,767	83	1,684	nm
Held-to-maturity financial assets	3,081	2,476	605	24%
Current and deferred tax assets and other assets	29,118	26,546	2,572	10%
Property, plant and equipment, investment property and intangible assets	3,315	2,863	452	16%
Goodwill	2,829	3,341	(512)	-15%
TOTAL ASSETS	**476,059**	**433,515**	**42,544**	**10%**
Amounts due to central banks	298	538	(240)	-45%
Financial liabilities at fair value through profit or loss	105,386	67,498	37,888	56%
Hedging derivatives	6,812	4,215	2,597	62%
Amounts due to credit institutions	113,579	106,920	6,659	6%
Amounts due to customers	31,302	32,660	(1,358)	-4%
Debt securities	158,214	163,122	(4,908)	-3%
Remeasurement adjustement on interest-rate risk hedged portfolios	721	567	154	27%
Current and deferred tax liabilities and other liabilities	19,787	19,722	65	0%
Technical reserves of insurance companies	12,518	12,700	(182)	-1%
Provisions	1,219	908	311	34%
Subordinated debt	14,442	12,318	2,124	17%
Equity attributable to equity holders of the parent	9,954	10,519	(565)	-5%
Minority interests	1,827	1,828	(1)	0%
TOTAL LIABILITIES AND EQUITY	**476,059**	**433,515**	**42,544**	**10%**

Total assets for the CNCE group amounted to €476 billion as of December 31, 2008, a 10% increase over the year.

Loans and receivables due from customers amounted to €166.6 billion, as compared to €144.9 billion as of December 31, 2007, a 15% increase. This increase was fueled by a 7% rise in home loans, as well as a substantial increase in short-term credit facilities (+14%) and equipment loans (+20%).

Outstanding customer loans carried on the CNCE group's balance sheet now account for 35% of total assets.

Amounts due to customers totaled €31.3 billion as of December 31, 2008, down €1.4 billion compared with December 31, 2007. This includes a reduction in current accounts in credit (-€0.5 billion) and other amounts due to customers (-€0.8 billion).

As of December 31, 2008, **loans and receivables due from credit institutions** represented a total of €120.1 billion, down 9% compared with end-2007, due to a decrease in amounts due payable on demand (-€7.5 billion) and term loans (-€7.4 billion) that was partially offset by an increase in subordinated loans and securities classified as loans and receivables from credit institutions (+€3.2 billion).

Amounts due to credit institutions increased by €6.7 billion to reach €113.6 billion at end-December 2008. Demand deposits plummeted by almost 34% (-€8.5 billion), offset by an 18% rise in term deposits (+€15.1 billion).

Financial assets and liabilities at fair value through profit or loss increased by €28.6 billion and €37.9 billion, respectively. These very substantial increases were due in large part to the increase in Natixis' portfolio of derivative instruments (interest rate and credit derivatives) following the market impacts such as the widening of credit spreads. The reclassification of available-for-sale fixed-income securities as held-to-maturity loans and receivables (IAS 39 amendment) attenuated the increase in financial assets and liabilities at fair value through profit or loss, as well as the portfolios' loss of value.

Available-for-sale financial assets were down €10.4 billion following Crédit Foncier's reclassification of certain asset categories (shares in securitized debt funds, international public sector corporates) as loans and receivables (IAS 39 amendment).

Debt securities fell by €4.9 billion to a total of €158.2 billion at end-December 2008. This item reflects the sharp decline in interbank and money-market securities, certificates of deposit and other debts (-€6.6 billion compared with December 31, 2007) and a moderate increase in bonds (+€1.9 billion).

Equity attributable to equity holders of the parent totaled €10 billion as of December 31, 2008. Excluding unrealized or deferred gains and losses, equity would have increased by €1.2 billion. This change stems primarily from:

- the €4 billion increase in the capital of the CNCE;
- the impact of the 2008 net loss (-€2 billion);
- the dividend payment (-€0.7 billion).

5.6 Subsequent event and outlook for 2009

5.6.1 Subsequent event

Nexity to sell its stake in Crédit Foncier

On January 29, 2009, Nexity and the CNCE signed an agreement finalizing the acquisition announced by the CNCE in December 2008 of Nexity's 23.4% stake in Crédit Foncier de France.

5.6.2 Outlook

Proposed merger between BFBP and the CNCE

The year 2008 ended with the announcement of the proposed merger between the Banque Populaire and Caisse d'Epargne Groups, and the signature, on November 12, of an agreement marking the start of negotiations between BFBP and the CNCE. The major focal point in 2009 will be the finalization of this profitable and decisive merger for the Group.

5.7 Appendices

5.7.1 Groupe Caisse d'Epargne results: breakdown of the impacts of the financial crisis

In millions of euros	**2008**	2007
Wholesale Banking & Financial Services	(1,278)	(570)
Commercial Banking	(23)	
Other Activities [(1)]	(1,160)	(1,141)
Impact from the financial crisis on net banking income	**(2,461)**	**(1,711)**
Wholesale Banking & Financial Services	(550)	(61)
Commercial Banking	(10)	
Other Activities	(298)	(31)
Impact on the cost of risk	**(858)**	**(92)**
Impact on income before tax	**(3,319)**	**(1,803)**

(1) Including the financial activities of the Caisses d'Epargne and the CNCE, and -€700 million relating to CIFG in 2007.

5.7.2 Breakdown of the contribution of the Caisses d'Epargne to the Commercial Banking division (CNCE group and GCE scopes)

In millions of euros	Groupe Caisse d'Epargne	CNCE group
Aggregate net income 100%	**918**	**918**
Elimination of CNCE dividends and other consolidation restatements	(914)	(805)
Consolidation restatements	**4**	**113**
20% equity-accounted share	-	8
Accretion profit	-	27
Tax on CICs	-	-
Other	-	4
Contribution to scope of consolidation	**4**	**39**
Allocation of items to Other Activities [(1)]	(628)	
Contribution to the Commercial Banking division	**632**	**39**

(1) Including restructuring costs relating to mergers and IT Performance, as well as the results of financial portfolios.

5

5.7.3 Reconciliation of Natixis' income (sub-consolidation group) with Natixis' contribution to the Wholesale Banking & Financial Services division

	2008
Natixis group net income	**(2,799)**
Elimination of the contribution of CEP's CICs	(246)
Correction of BP's CICs (accretion profit)	11
Natixis group restated net income	**(3,034)**
35.78% share	(1,086)
Remeasurement adjustment	(17)
Goodwill impairment CIB (1)	(642)
Negative goodwill on Natixis accretion	127
Natixis' contribution to GCE (35.78% share)	**(1,618)**
Management restatements (items transferred to the Other Activities division)	**629**
Restructuring charges	88
Capital gain on CACEIS	(25)
Goodwill	541
Other items	25
Contribution from Natixis' operating lines	**(989)**

(1) Goodwill impairment totaled -€667 million, of which -€25 million accounted for by Natixis.

6 | Financial report

6.1 Financial results of Groupe Caisse d'Epargne

IFRS consolidated financial statements of Groupe Caisse d'Epargne for the year ended December 31, 2008

6.1.1 Consolidated balance sheet

Assets

In millions of euros	Note	12/31/2008	12/31/2007
Cash and amounts due from central banks		13,951	8,571
Financial assets at fair value through profit or loss	5.1.1	110,723	83,124
Hedging derivatives	5.2	7,357	2,841
Available-for-sale financial assets	5.3	36,701	54,983
Loans and receivables due from credit institutions	5.4.1	134,382	140,254
Loans and receivables due from customers	5.4.2	297,539	268,511
Remeasurement adjustment on interest-rate risk hedged portfolios		1,917	128
Held-to-maturity financial assets	5.6	5,178	4,599
Current and deferred tax assets	5.9	3,850	1,936
Accrued income and other assets	5.11.1	26,558	24,852
Investments in associates	5.12	3,293	3,368
Investment property	5.13.1	1,807	1,627
Property, plant and equipment	5.13.2	2,916	2,832
Intangible assets	5.13.3	737	467
Goodwill	5.14	2,847	3,360
TOTAL ASSETS		**649,756**	**601,453**

Liabilities and equity

In millions of euros	Note	12/31/2008	12/31/2007
Amounts due to central banks		308	557
Financial assets at fair value through profit or loss	5.1.2	101,522	63,773
Hedging derivatives	5.2	7,431	4,397
Amounts due to credit institutions	5.5.1	81,308	78,981
Amounts due to customers	5.5.2	227,736	216,570
Debt securities	5.10.1	158,182	163,466
Remeasurement adjustment on interest-rate risk hedged portfolios		908	606
Current and deferred tax liabilities	5.9	952	742
Accrued expenses and other liabilities	5.11.2	24,084	23,198
Technical reserves of insurance companies	5.15	12,542	12,735
Provisions	5.16	2,683	2,440
Subordinated debt	5.10.2	13,696	11,568
Consolidated equity		**18,404**	**22,420**
Equity attributable to equity holders of the parent		***16,564***	***20,573***
Share capital and additional paid-in capital		9,567	7,834
Retained earnings		10,415	10,425
Net income for the period		(2,015)	1,367
Unrealized or deferred capital gains and losses		(1,403)	947
Minority interests		***1,840***	***1,847***
TOTAL LIABILITIES AND EQUITY		**649,756**	**601,453**

6.1.2 Consolidated income statement

In millions of euros	Note	**2008**	2007
Interest and similar income	6.1	32,987	28,921
Interest and similar expense	6.1	(28,464)	(24,880)
Commission and fees income	6.2	4,493	4,392
Commission and fees expense	6.2	(845)	(802)
Net gain or loss on financial instruments at fair value through profit or loss	6.3	(1,243)	(294)
Net gain or loss on available-for-sale financial assets	6.4	(47)	1,326
Income from other activities	6.5	5,862	5,101
Expense on other activities	6.5	(4,334)	(3,996)
Net banking income		**8,409**	**9,768**
Operating expenses	6.6	(8,118)	(7,800)
Depreciation, amortization and impairment for property, plant and equipment and intangible assets	6.7	(495)	(447)
Gross operating income		**(204)**	**1,521**
Cost of risk	6.8	(1,441)	(259)
Operating income		**(1,645)**	**1,262**
Share in net income/(loss) of associates	5.12	211	303
Net gain or loss on other assets	6.9	19	225
Losses resulting from the CNCE market incident of October 2008	1.3	(752)	0
Changes in value of goodwill	6.10	(636)	(40)
Income before tax		**(2,803)**	**1,750**
Income tax	6.11	800	(290)
Net income		**(2,003)**	**1,460**
Net income attributable to equity holders of the parent		(2,015)	1,367
Minority interests		12	93

6.1.3 Statement of changes in equity

	Share capital and additional paid-in capital			Unrealized or deferred capital gains and losses						
In millions of euros	Share capital	Additional paid-in capital	Retained earnings	Translation adjustments	Available-for-sale financial assets	Hedging derivatives	Net income attributable to equity holders of the parent	**Equity attributable to equity holders of the parent**	Minority interests	**Total consolidated equity**
Equity as of January 1, 2007 after appropriation of net income	**3,609**	**346**	**14,257**	**(7)**	**1,795**	**32**	**0**	**20,032**	**427**	**20,459**
Total movements arising from relations with shareholders										
Capital increase	313	2						315		315
Capital decrease	(575)		575							
Reclassification	499	1,760	(2,259)							
Dividends paid			(187)					(187)	(28)	(215)
Impact of mergers within the Caisses d'Epargne network	(5)	1,885	(1,936)					(56)		(56)
Impact of acquisitions and disposals on minority interests									1,398	1,398
Sub-total	***232***	***3,647***	***(3,807)***					***72***	***1,370***	***1,442***
Unrealized or deferred capital gains and losses										
Change in fair value of financial instruments					(779)	33		(746)	(2)	(748)
Change in translation adjustments				(96)				(96)	(17)	(113)
Share in changes in equity of associates				2	(33)			(31)		(31)
Sub-total				***(94)***	***(812)***	***33***		***(873)***	***(19)***	***(892)***
Other changes										
Net income for 2007							1,367	1,367	92	1,459
Other changes			(25)					(25)	(23)	(48)
Equity as of December 31, 2007	**3,841**	**3,993**	**10,425**	**(101)**	**983**	**65**	**1,367**	**20,573**	**1,847**	**22,420**

6

Financial results of Groupe Caisse d'Epargne

Statement of changes in equity

	Share capital and additional paid-in capital			Unrealized or deferred capital gains and losses						
In millions of euros	Share capital	Additional paid-in capital	Retained earnings	Translation adjustments	Available-for-sale financial assets	Hedging derivatives	Net income attributable to equity holders of the parent	**Equity attributable to equity holders of the parent**	Minority interests	**Total consolidated equity**
Equity as of December 31, 2007	**3,841**	**3,993**	**10,425**	**(101)**	**983**	**65**	**1,367**	**20,573**	**1,847**	**22,420**
Appropriation of 2007 net income			1,367				(1,367)			
Equity as of January 1, 2008	**3,841**	**3,993**	**11,792**	**(101)**	**983**	**65**		**20,573**	**1,847**	**22,420**
Total movements arising from relations with shareholders										
Capital increase	748							748		748
Dividend paid in 2008			(218)					(218)	(143)	(361)
Impact of mergers within the Caisses d'Epargne network		1,025	(1,070)					(45)		(45)
Change in shareholding of the individual Caisses d'Epargne	(9)	(31)	(13)					(53)		(53)
Impact of acquisitions and disposals on minority interests									146	146
Sub-total	***739***	***994***	***(1,301)***					***432***	***3***	***435***
Unrealized or deferred capital gains and losses										
Change in fair value of financial instruments					(1,700)	(375)		(2,075)	(73)	(2,148)
Change in translation adjustments				13				13	(17)	(4)
Share in changes in equity of associates				(18)	(270)			(288)		(288)
Sub-total				***(5)***	***(1,970)***	***(375)***		***(2,350)***	***(90)***	***(2,440)***
Other changes										
Net income for 2008							(2,015)	(2,015)	12	(2,003)
Other changes			(76)					(76)	68	(8)
Equity as of December 31, 2008	**4,580**	**4,987**	**10,415**	**(106)**	**(987)**	**(310)**	**(2,015)**	**16,564**	**1,840**	**18,404**

6.1.4 Consolidated cash flow statement

The consolidated cash flow statement is presented in accordance with the indirect method.

Investing activities represent cash flows arising from the acquisition and disposal of interests in consolidated companies and held-to-maturity financial assets, as well as property, plant and equipment and intangible assets.

Financing activities arise from changes resulting from transactions with equity instruments, subordinated debt and bond debt.

Operating activities include all cash flows that do not fall into the other two categories and mainly comprise securities relating to strategic equity investments recorded within the "Available-for-sale financial assets" portfolio.

Net cash and cash equivalents correspond to cash, amounts due to/from central banks, as well as demand accounts (assets and liabilities) with credit institutions, excluding centralized funds from the Livret A.

In millions of euros	**12/31/2008**	12/31/2007
Income before tax	**(2,803)**	**1,750**
Net depreciation and amortization of property, plant and equipment and intangible assets	566	500
Impairment of goodwill	763	40
Net additions to/reversals from provisions for impairment	1,655	662
Share in net income/(loss) of associates	(187)	(240)
Net loss/gain from investing activities	(626)	(1,193)
Income/expense from financing activities	563	511
Other movements	(740)	(1,810)
Total non-monetary items included in net income/(loss) before tax	***1,994***	***(1,530)***
Net increase or decrease arising from transactions with credit institutions	17,251	3,392
Net increase or decrease arising from transactions with customers	5,793	(30,256)
Net increase or decrease arising from transactions involving financial assets and liabilities	(2,069)	21,123
Net increase or decrease arising from transactions involving non-financial assets and liabilities	(11,599)	(3,292)
Taxes paid	(233)	(708)
Net increase/(decrease) in assets and liabilities resulting from operating activities	***9,143***	***(9,741)***
Net cash flows generated by operating activities (A)	**8,334**	**(9,521)**
Net increase or decrease related to financial assets and equity investments	(475)	529
Net increase or decrease related to investment property	0	6
Net increase or decrease related to property, plant and equipment and intangible assets	(327)	(446)
Net cash flows arising from investing activities (B)	**(802)**	**89**
Net increase or decrease arising from transactions with shareholders	560	421
Other increases or decreases generated by financing activities	663	945
Net cash flows arising from financing activities (C)	**1,223**	**1,366**
Effect of movements in exchange rates on cash and cash equivalents (D)	**(27)**	**22**
TOTAL NET CASH FLOWS (A+B+C+D)	**8,728**	**(8,044)**
Cash and net balance of accounts with central banks	8,014	4,790
Net balance of demand transactions with credit institutions	(9,432)	1,836
Opening cash and cash equivalents	**(1,418)**	**6,626**
Cash and net balance of accounts with central banks	13,643	8,014
Net balance of demand transactions with credit institutions	(6,333)	(9,432)
Closing cash and cash equivalents	**7,310**	**(1,418)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**8,728**	**(8,044)**

6.1.5 Notes to the consolidated financial statements of Groupe Caisse d'Epargne

Note 1 Legal and financial framework – Significant events in 2008 and subsequent events

1.1 Legal framework

The Caisses d'Epargne together form a financial network organized around a central institution, the Caisse Nationale des Caisses d'Epargne (CNCE). Groupe Caisse d'Epargne operates through a diversified range of subsidiaries contributing to the proper management and enhanced sales performance of the network of individual Caisses d'Epargne. An additional grouping, the Fédération Nationale des Caisses d'Epargne, was set up pursuant to the Law of July 1, 1901 governing not-for-profit associations. This national federation's terms of reference are outlined in Article L. 512-99 of the French Monetary and Financial Code (*Code monétaire et financier*).

Caisses d'Epargne

The Caisses d'Epargne are approved cooperative banks governed by ordinary law whose capital is held by local savings companies. The Caisses d'Epargne are joint-stock corporations (*sociétés anonymes*) with the status of credit institutions authorized to operate as banks. Their capital is divided into members' shares and cooperative investment certificates (CICs).

Local savings companies

The regionally based local savings companies are cooperative structures with an open-ended share capital owned by cooperative shareholders. The local savings companies are tasked with coordinating the cooperative shareholder base, in connection with the general objectives defined by the individual Caisses d'Epargne with which they are affiliated. They are not authorized to carry out banking activities.

Caisse Nationale des Caisses d'Epargne (CNCE)

Central institution of Groupe Caisse d'Epargne

The CNCE is the central institution of Groupe Caisse d'Epargne as defined by French banking law, and has the status of a credit institution authorized to operate as a bank. It is a joint-stock corporation (*société anonyme*) with a two-tier management structure (Management Board and Supervisory Board) whose entire capital has been held by the individual Caisses d'Epargne since January 29, 2007.

Specifically, the CNCE represents the interests of its various affiliates in dealings with the supervisory authorities, defines the range of products and services offered by them, organizes depositor protection, approves senior management appointments, and oversees the smooth functioning of the Group's institutions.

Holding company for the subsidiaries of Groupe Caisse d'Epargne

As a holding entity, the CNCE operates as the Group's head company, owning and managing the interests in the Group's subsidiaries, and setting out its development strategy.

In respect of the Group's financial functions, the CNCE is responsible, in particular, for the centralized management of any surplus funds held by the individual Caisses d'Epargne, for carrying out any financial transactions required to develop and refinance the Group, and for choosing the most appropriate counterparty for these transactions in the broader interests of the Group. The CNCE also provides banking services to the other Group entities.

Core shareholder of Natixis

Caisse Nationale des Caisses d'Epargne and Banque Fédérale des Banques Populaires are bound by a shareholders' agreement. The two entities undertake to maintain their ownership interests in Natixis in equal proportions for a period of 10 years, renewable for successive periods of 5 years each. During this period of stable ownership, the two shareholders agree not to conclude any agreement relating to Natixis that would constitute an action in concert with a third party. The shareholders' agreement sets forth the principle of equal representation by the two shareholders within the Supervisory Board of Natixis and provides for a commitment to work together to further the exercise of the voting rights attached to their shares with respect to certain strategic decisions.

Subsidiaries

The subsidiaries and investments are split into four main divisions, as follows:

- Commercial Banking, comprising retail banking (including Banque Palatine and Crédit Foncier) and regional development banking and overseas territories and international banking (including Financière Océor);
- Real Estate Services, comprising transaction services such as property sales, development and valuations, and real estate advisory and management services;
- Insurance and personal care services;
- Natixis, controlled jointly by Groupe Banque Populaire and Groupe Caisse d'Epargne, which carries out the activities of the Wholesale Banking & Financial Services division:
  - corporate and investment banking,
  - asset management (Natixis Global Asset Management),
  - private equity and private banking,
  - investor services (including CACEIS), comprising custody, payments, insurance, sureties and financial guaranties, employee benefits planning, and consumer finance services,
  - receivables management (including Coface), comprising credit insurance, factoring, business information and credit management.

Specialized IT subsidiaries

Customer transaction processing is carried out by banking information systems organized around two national economic interest groupings set up to develop and roll out IT application platforms.

1.2 Guarantee system

Pursuant to Article L. 511-31 of the French Monetary and Financial Code, together with those of Article L. 512-96 of the same code, the CNCE, acting as the central institution, has organized a guarantee and solidarity mechanism within Groupe Caisse d'Epargne to ensure the liquidity and solvency of each entity. The scope of this guarantee system includes not only the entities belonging to the Caisses d'Epargne network as provided for by Article L. 512-95 of the French Monetary and Financial Code, but also all the credit institutions subject to French law and affiliated with the CNCE further to the CNCE's decision, in accordance with Articles R. 512-57 and R. 512-58 of the French Monetary and Financial Code. More generally, the guarantee system covers all Group entities by virtue of the principle of responsibility founded upon shareholders' relations.

The terms of the relationship with Natixis – a credit institution under the joint control of Banque Fédérale des Banques Populaires (BFBP, the central institution of the Banques Populaires banking network) and the CNCE – is governed by a provision introduced by Article 42 of law 2006-1770 of December 30, 2006, which supplements Article L. 511-31 of the French Monetary and Financial Code. This provision allows credit institutions under direct or indirect joint control to be affiliated with more than one central institution.

Under this provision, the central institutions may together draw up an agreement setting out the conditions for exercising their respective control over the affiliated entity, and for discharging their obligations towards it, in particular as regards liquidity and solvency. Further to the approval of the *Comité des établissements de crédit et des entreprises d'investissement* (CECEI, the French financial services authority) on March 30, 2007, the agreement providing for the affiliation of Natixis with both the CNCE and BFBP was signed on April 2, 2007 in the presence of Natixis. This affiliation took effect as of this same date.

In any event, BFBP and the CNCE have undertaken to fulfill, as required by applicable legislation and banking regulations, their respective duties as major shareholders of Natixis, pursuant to any request to do so from the *Commission bancaire* (the French Banking Commission). Consequently, BFBP and the CNCE have entered into an irrevocable joint agreement under which, even in the event of a dispute, they agree to act promptly in accordance with the recommendations or injunctions of the French Banking Commission, and to provide the necessary funds in equal proportions, and if required jointly and severally, to ensure that Natixis complies with the applicable legislation and banking regulations, and honors any commitments made to the banking authorities.

In the event that BFBP and/or the CNCE needed financial support as a result of assisting Natixis, their internal network mutual guarantee and solidarity mechanisms would be implemented in accordance with Article L. 511-31 of the French Monetary and Financial Code.

The individual Caisses d'Epargne participate in the guarantee system through a *fonds de garantie et de solidarité du réseau* (FGSR, network mutual guarantee and solidarity fund), set up pursuant to Article L. 512-96 of the French Monetary and Financial Code, and carried in the books of the CNCE. As of December 31, 2008, the FGSR had €282 million worth of funds that can be used immediately if the need arises. This amount is invested in a dedicated mutual fund. Should this prove insufficient to prevent the default of a member, the Management Board of the CNCE can obtain the necessary additional resources via a rapid decision-making process ensuring timely action.

1.3 Significant events in 2008

1.3.1 Deregulation of distribution rights for Livret A savings accounts

The terms and conditions of the Livret A reform have been set forth in Articles 145 and 146 of law 2008-776 on the modernization of the economy of August 4, 2008 and stipulate *inter alia* that:

- all banks may distribute Livret A savings accounts as from January 1, 2009;
- the funds collected under the Livret A and *Livret de développement durable* (LDD) savings accounts and deposited with Caisse des Dépôts must be maintained at a sufficient level to allow this institution to carry out its functions;
- the principles governing the remuneration of banks that distribute savings accounts are to remain unchanged.

As of January 1, 2009, all banking institutions are authorized to distribute the Livret A savings account. Each distributor receives a commission of 0.6% set by decree in connection with the centralization of the funds collected under the Livret A and LDD savings accounts by Caisse des Dépôts. During the transitional period, which will last until 2011, the Caisses d'Epargne will receive an additional payment of between 0.1% and 0.3%, but will be required to centralize a larger portion of the funds collected.

1.3.2 Losses related to a market incident

In October 2008, as part of its standard internal control procedures, Groupe Caisse d'Epargne identified trading positions that gave rise to a pre-tax loss of €752 million in the Caisse Nationale des Caisses d'Epargne's equity derivatives business.

These open positions were taken against the backdrop of extreme market volatility and the stock market crash of the week beginning October 6, 2008.

The measures required to close these positions and discontinue this activity, most of which involved over-the-counter transactions, were carried out on October 15-16, 2008 and generated significant losses.

In order to provide the most relevant information for an understanding of the Group's financial performance in 2008, the total loss incurred in connection with this market incident is presented in a specific consolidated income statement heading entitled "Losses resulting from the CNCE market incident of October 2008".

1.3.3 Impacts of the financial crisis

The financial crisis sparked in 2007 by the drop in U.S. real estate prices combined with rising interest rates worsened in 2008.

During the first half of 2008, housing prices in the U.S. fell more steeply, triggering a decline in the financial situation of monoline insurers, which had granted guarantees against securitized real estate assets.

The financial crisis intensified in the second half of the year, which saw a number of extensive economic and financial upheavals: the collapse of Lehman Brothers and Washington Mutual in September, the virtual paralysis of the interbank market over the space of several weeks, and the rescues of major banks by way of mergers, bad loan buyouts or government intervention.

During the last quarter of 2008, the banking crisis triggered a credit crunch and the curtailment of loans granted by banking institutions to the "real" economy compounded the impact of a normal, cyclical downturn following the recovery phase of recent years.

This period of extreme financial turbulence prompted governments in most industrialized countries to take massive unprecedented measures to restore confidence and implement plans to stimulate their economies.

At the request of government officials (both U.S. Congress and European leaders at an emergency G8 summit), international accounting regulators (the FASB and the IASB) agreed to examine in detail the issues surrounding fair value accounting, often considered a contributing factor to the financial crisis. This work resulted in further explanations concerning the use of fair value measurement in a crisis environment, and particularly with respect to the methods used to qualify an inactive market. In addition, the IASB harmonized the requirements for the reclassification of financial instruments under IAS 39 with those of U.S. GAAP *(see Note 5.7)*.

Finally, in response to the financial crisis, the Financial Stability Forum's report of April 7, 2008 outlined a series of recommendations aimed at improving the transparency of financial disclosures provided on certain risk exposures. Details of Groupe Caisse d'Epargne's risk exposures are provided in its risk management report in accordance with these recommendations.

The main impacts of the financial crisis on Groupe Caisse d'Epargne's financial statements are described below.

A. Natixis

A1. Risk exposures carried in the balance sheet of Natixis as of December 31, 2008

Natixis has both direct and indirect exposure to risks, as described below.

Direct exposure

The portfolio of loans pending securitization is Natixis' only direct exposure to subprime loans. This portfolio is classified under financial assets at fair value through profit or loss.

As of December 31, 2008, this portfolio's exposures were as follows:

	12/31/2008	12/31/2007
Nominal value	197	284
Book value (fair value)	120	201
Fair value as % of nominal value	61%	70%
Discount	39%	30%

Through Natixis, Groupe Caisse d'Epargne's exposure therefore amounted to €43 million as of December 31, 2008 (Group share of 35.78%).

Prices are determined from transactions observed on the market and take into account the opinion of the experts responsible for valuing the portfolio.

Indirect exposures to subprime risk and U.S. RMBS

The models used for the valuation of these exposures as of December 31, 2008 were all reviewed and validated by Natixis' Risk Management Division.

The exposures relate to the following asset portfolios:

Portfolios of CDOs of asset-backed securities with a subprime component

These non-hedged cash or synthetic portfolios with a subprime component are held primarily by Natixis Capital Market North America and Natixis.

In millions of euros Financial assets at fair value through profit or loss	Gross exposure	Cumulative impairment losses	Value adjustments in 2008	**Net exposure as of 12/31/2008**	Net exposure as of 12/31/2007
Trading book	1,362	(900)	(481)	462	1,301
Fair value option	946	(205)	(174)	741	966
TOTAL	**2,308**	**(1,105)**	**(655)**	**1,203**	**2,267**
Groupe Caisse d'Epargne share	*826*	*(395)*	*(234)*	*431*	*786*

The portfolios of CDOs of asset-backed securities held directly and including a subprime exposure were valued on the basis of stress tests implemented by Natixis' Risk Management Division, following an approach similar to that used as of December 31, 2007. For the valuation of these exposures, the assumed loss rates used as of December 31, 2007 were revised as follows:

Loss rate assumptions by vintage	Vintage 2005	Vintage 2006	Vintage 2007
As of December 31, 2007	9%	23%	23%
As of June 30, 2008	10%	25%	25%
As of December 31, 2008	11%	25%	30%

For loans originated in previous years, the loss rate used is 7.5%.

Moreover, given the significantly lower rating of some vintage 2005 assets, and based on expected lower ratings of their final performance, the valuation model was adjusted as follows:

- taking into account the current rating of collateral assets rated lower than CCC+ by assigning a discount of 97% to these underlyings;
- valuation of non-subprime underlying assets held in the structures using a discounting schedule based on market comparables, including the type, rating and vintage of the transactions.

As it mainly uses non-observable parameters, this model corresponds to Level 3 of the fair value hierarchy.

The impact of the application of this model amounts to €655 million in capital losses since the beginning of the year (group share of €234 million).

A 10% rise in the cumulative loss rates used to determine the fair value of CDOs, would result in an immaterial impact for Groupe Caisse d'Epargne. Sensitivity to a 10% decrease in the excess spread assumption would have an immaterial impact on the financial statements of Groupe Caisse d'Epargne.

Portfolios of U.S. RMBS, including subprime RMBS

These portfolios consist of U.S. RMBS, whether or not they include a subprime component.

As of December 31, 2008, Natixis' gross and net exposures amounted to €5,710 million and €5,683 million respectively, after the recognition of an impairment loss of €478 million. The corresponding amounts for Groupe Caisse d'Epargne are €2,043 million, €2,033 million, and €171 million, respectively.

The valuation model used for non-Agency U.S. RMBS applied as of December 31, 2008 is based on the discounting of forecast future cash flows, which are determined by taking into account the following criteria:

- expected rate of early repayment;
- probability of default observed and expected;
- loss given default;
- time-phasing of defaults resulting from JP Morgan studies (by type of collateral and vintage);
- cost of liquidity and monoline covers;
- monoline insurance for the structures covered, including in the valuation the probability of default of monolines and their rate of loss given default.

Other exposures

Portfolios not exposed to subprime risk but for which no prices were able to be identified were valued using valuation pricing techniques.

All of these models correspond to Level 3 of the fair value hierarchy, i.e., models primarily using non-observable parameters.

European RMBS

For this portfolio, Natixis' net exposures amount to €800 million for the UK portfolio, €697 million for the Spanish portfolio and €1,100 million for other European RMBS, representing a total of €2,597 million (or €929 million for Groupe Caisse d'Epargne).

For the valuation of these instruments, a model was developed which involves the calculation of fair value using spreads resulting from historical benchmark information provided by the Mark-it database. These benchmarks are defined according to the type of securitization, the rating and the country, and are thus associated with spread curves. A trend coefficient is then applied in order to adjust for liquidity risk. The calibration of this coefficient is validated by Natixis' Risk Management Division.

Other structures not exposed to the U.S. housing market and for which Natixis makes use of a valuation model

The valuations of the following types of assets, resulting from securitization transactions for which no price was able to be identified as of December 31, 2008, were performed on the basis of the specific valuation models described below:

- for CDOs of asset-backed securities not exposed to the U.S. housing market, a scoring model for structures assigning a level of risk to each on the basis of selective criteria;
- for CRE CDOs, a stress-testing approach was implemented using a valuation model based on forecast future cash flows as a function of cumulative loss rates per structure. The cumulative loss rates per structure are determined based on those relating to underlying CRE loans set at 10%. Monoline insurance for the structures covered is taken into account by including in the valuation the probability of default of monolines and their rate of loss given default. A loss rate floor of 15% is applied in connection with estimated coupon flows given the current rating assigned to the structures;
- for Trups CDOs, a stress-testing approach was applied using a valuation model based on forecast future cash flows and cumulative loss rates per structure. Cumulative loss rates were determined using the 84 scenarios for the allocation of defaults applied to this class of assets published by S&P in November 2008;
- for CLOs, a model was used that relies on detailed knowledge of transaction characteristics and an assessment of credit risk, taking stress-adjusted criteria into account;
- for ABS in the portfolios of Natixis Asset Management and Natixis Assurances, acquired through the FCP ABS+, a valuation model was used which consisted in calculating the prices of ABS using spreads resulting from historical benchmark information provided by the Mark-it database. A trend coefficient is then applied in order to adjust for liquidity risk.

CMBS

For the CMBS portfolio, as of December 31, 2008, Natixis' exposure amounts to €1,265 million gross and €1,087 million net (corresponding to €453 million and €389 million for Groupe Caisse d'Epargne). This exposure resulted in the recognition of impairment losses amounting to €217 million in 2008 (€78 million for Groupe Caisse d'Epargne).

For the valuation of exposures to CMBS, Natixis used the market price as of December 31, 2008, as for previous account closings.

A2. Exposure to monoline insurers

Transactions with monoline insurers entered into in the form of CDS were devalued due both to the downgrading of these counterparties and the widening of the spreads for the underlying assets. These write-downs were determined by applying a uniform rate of recovery of 10% and a probability of default reflecting the credit risk of the insurer to the unrealized capital losses of the underlying assets insured. This resulted in the recognition of additional write-downs of €1,329 million for the year, bringing the total to €1,528 million. In addition, the total industry-related impairment charge for monolines was increased to €300 million, after the recognition of a charge of €162 million for the year.

In the financial statements of Groupe Caisse d'Epargne, these amounts are €475 million for the additional write-downs and €547 million for the total write-downs. The industry-related impairment charge amounted to €107 million as of December 31, 2008.

In the financial statements of Natixis, the total collective impairment charge for credit derivative product companies (CDPCs) was increased by €156 million over the year. This impairment charge was calculated using the gross economic exposure, plus a 20% add-on corresponding to the notional amount less the fair value of the contracts. A seven-year probability of default is applied to this basis, with information provided by Moody's, depending on the risk quality of the counterparty. Calculated using this approach, the total impairment charge for CDPCs as of December 31, 2008 amounted to €190 million. It is to be compared to the total amount available for impairment of €2,016 million as of December 31, 2008, versus €353 million a year earlier, an increase mainly attributable to the widening of credit spreads on underlyings.

Moreover, a write-down was recognized on a specific monoline transaction due to a change in the credit quality of the counterparty. As of December 31, 2008, the total write-down was €83 million, compared to an economic exposure of €539 million.

Consequently, in the financial statements of Groupe Caisse d'Epargne, the total impairment charge for CDPCs amounted to €68 million. The write-down for the specific transaction came to €30 million as of December 31, 2008.

A3. CIFG commutation agreement

An agreement described below (see §E) was entered into between CIFG, its two shareholders, and CIFG's main counterparties, which include Natixis. This agreement provides for the termination by the counterparties of all CDS, insurance policies and financial guarantees issued on their behalf to cover CDOs of asset-backed securities (without exception) or of some transactions based on CRE CDOs having the most material loss potential for CIFG. In exchange, Natixis was granted an equalization payment represented by:

- USD 98.5 million in cash;
- a 6.9% stake in CIFG.

As a CIFG shareholder until the end of 2007, Natixis had granted CIFG a shareholder advance prior to this date of USD 200 million, of which:

- USD 98.5 million had been used at the time of the transfer of ownership to Caisse Nationale des Caisses d'Epargne and Banque Fédérale des Banques Populaires;
- USD 101.5 million had not been used.

The provisions of the agreement require Natixis to pay the portion unused as of that date, amounting to USD 101.5 million, and then to waive the entire receivable in the amount of USD 200 million.

This agreement had an overall impact of €102 million in the Natixis financial statements for the year ended December 31, 2008 (€36 million for Groupe Caisse d'Epargne).

A4. Analysis of the consolidation of special purpose vehicles (SPVs) which have benefited from financial support

Due to the financial crisis, Natixis has in some cases been prompted to provide additional financial support to a number of unconsolidated special purpose vehicles. These entities are mainly securitization SPVs. This support has involved:

- either the subscription of securities issued by the entity (this category includes the vehicles Elixir, Versailles and Direct Funding);
- or through the provision of financing or liquidity lines (outstanding liquidity lines granted to Versailles, Elixir, Nacréa, and the Hudson Castle entities totaled €6.3 billion as of December 31, 2008);
- or through the buyout of a portion of the assets held by the structure. Accordingly, in 2008, two Natixis entities restructured their position in an investment fund. In exchange for the buyout of their shares, these entities received a proportion of the assets of the fund corresponding to their share in the proceeds of the fund in a notional amount of about €379 million.

Each funding operation was systematically accompanied by a review of the consolidation criteria of the SPV pursuant to SIC 12. None of the entities concerned was subsequently consolidated.

A5. Specific provisions for impairment losses on certain SIV components

SIVs (structured investment vehicles) are funds that make highly leveraged investments in highly-rated medium- or long-term assets. To refinance themselves, SIVs issue commercial paper or medium- or long-term notes. As their issues are rated by credit rating agencies, SIVs must comply with liquidity ratios and certain thresholds concerning portfolio valuation. If these thresholds are reached or exceeded, the fund must liquidate its assets.

As of December 31, 2008, taking into account the observed trend in net asset values of SIV units held by Natixis and the resulting risk of liquidation, an additional €42 million impairment charge was recorded against these units, amounting to an overall SIV unit write-down of €61 million as of December 31, 2008.

The net amount of SIV units was €21 million as of December 31, 2008 (€8 million for Groupe Caisse d'Epargne).

A6. Recognition of impairment for interests in syndicated loans held for sale

The liquidity crisis has led to delays in syndication and difficulties in reinvesting on the secondary market the share of syndicated loans initially subscribed for the purpose of short-term resale. Real estate and LBO financing have been the most affected.

Loans whose theoretical syndication dates had lapsed as of December 31, 2008 amounted to €857 million. These loans were examined on a case-by-case basis to identify and recognize any market discount as of the balance sheet date. An additional write-down of €54 million was recorded as of December 31, 2008, with Groupe Caisse d'Epargne's share amounting to €19 million. The discount as of that date was €96 million (€34 million for Groupe Caisse d'Epargne).

A7. Exposures to Lehman Brothers entities

In September 2008, declarations of default were received from a number of Lehman Brothers entities. Natixis informed the counterparties involved of these declarations of default, the result being that the derivatives, repurchase agreements or securities lending and borrowing arrangements concluded with these companies were terminated.

As of December 31, 2008, Natixis' total invested assets amounted to €469 million and impairment charges and provisions were recognized in the amount of €299 million (thus €168 million and €107 million for Groupe Caisse d'Epargne, respectively). The main items included in these invested assets are described below.

Positive balances on the termination of financial instruments were recorded as assets on Natixis' balance sheet. Net risk exposures resulting from these terminations amounted to €190 million as of December 31, 2008. An impairment charge was recorded under cost of risk in the amount of €160 million as of this same date (representing a net amount for Groupe Caisse d'Epargne of about €10 million).

In addition, Natixis:

- granted, in September 2008, a price guarantee to two mutual funds managed by Natixis Asset Management holding debt securities issued by Lehman Brothers entities. This guarantee gave rise to the recognition of a provision of €39 million in Natixis' financial statements for the year ended December 31, 2008 (€14 million for Groupe Caisse d'Epargne);
- was called to honor its obligations as guarantor of the counterparty risk of a mutual fund managed by Natixis Asset Management which had entered into a performance swap with Lehman Brothers International Europe. An impairment charge of €34 million was recognized under cost of risk with respect to the total debt of €41 million. Natixis also recorded an additional provision under cost of risk in the amount of €21 million to cover the residual counterparty risk borne by the fund and guaranteed by Natixis as of the fund's maturity date in connection with the capital and return guarantee granted to the fund (€12 million and €8 million for Groupe Caisse d'Epargne, respectively);
- held, in its portfolio of insurance company investments as of December 31, 2008, bonds issued by Lehman Brothers Holdings, Inc. and by Lehman Brothers Treasury Co. B.V. The gross amortized value of these bonds amounted to €78 million as of December 31, 2008. The associated impairment charge, after taking into account the deferred policyholders' participation, was recorded under cost of risk in the amount of €12 million (€4 million for Groupe Caisse d'Epargne).

A8. Exposures to Icelandic counterparties

Following the collapse of a number of Icelandic banks in September 2008, the government nationalized the country's three largest banks (Landsbanki, Kaupthing and Glitnir).

As of December 31, 2008, Natixis' total risk exposure to Icelandic banks amounted to €174 million (€62 million for Groupe Caisse d'Epargne).

Individual provisions recorded as of December 31, 2008, under cost of risk, amounted to €94 million (€34 million for Groupe Caisse d'Epargne).

A9. Exposures to Madoff

On December 15, 2008, a trustee was appointed for the liquidation of Bernard L. Madoff Investment Securities LLC.

This company was one of the top brokerage firms on Wall Street. It also provided advisory and custodial services, particularly for hedge funds (hereinafter referred to as "Madoff feeder funds").

Natixis does not hold any share or units for its own account in any of these funds.

Natixis is not exposed to any risk of losses relating to its investments (€286 million) in vehicles securitizing shares or units in hedge funds. The size of the equity units issued by these SPVs, and subscribed by external investors, is significantly greater than that of the risk of loss related to the units in the underlying Madoff feeder funds.

At the same time, Natixis is not exposed to any risk of loss relating to CFOs that it holds for its customers (USD 219 million, corresponding to €156 million) to the extent that the associated risks are fully transferred to these customers by way of pass-through instruments.

Natixis is indirectly exposed to a total risk of incurring a net loss in connection with its fund-linked notes business, net of hedging, in the amount of €473 million. It does hold units in Madoff feeder funds as a hedge of securities subscribed by its customers. The above-mentioned risk of loss results from the fact that the securities issued by Natixis entities are either leveraged instruments or offer guaranteed capital at maturity.

A provision in the amount of €375 million (€134 million for Groupe Caisse d'Epargne) was recognized in the financial statements for the year ended December 31, 2008 for Madoff-related risks.

A10. Impact of valuation of the issuer spread on Natixis' issues at fair value

The valuation of the issuer spread on Natixis' issues designated as financial instruments at fair value through profit or loss had a €633 million positive impact on the income statement for the year ended December 31, 2008 (€226 million for Groupe Caisse d'Epargne). The fair value recognized as of the balance sheet date was €664 million (€238 million for Groupe Caisse d'Epargne). To determine this valuation, the following methodology was used: income from the nominal value of issues was discounted using the net margin representing, for each issue, the difference between the average contractual spread and the replacement spread for a Natixis issue with the same rating.

B. CNCE

B1. Portfolio of financial assets

In 2008, the Management Board of the CNCE decided to significantly reduce the institution's exposure to market risk. Proprietary portfolio management activities are currently being phased out.

Apart from trading and arbitrage positions that were completely closed following the market incident in October 2008 (see §1.3.2), this decision relates mainly to the medium to long-term portfolio.

This portfolio, corresponding to a nominal amount of about €3.5 billion, was the focus of significant write-downs as of December 31, 2007 and in 2008, in particular for assets identified as at risk, within the meaning of FSF recommendations (about €1.9 billion).

These assets include CDOs of U.S. asset-backed securities, representing a gross exposure of €139 million as of December 31, 2008. In view of the discounts initially recorded and the impairment losses recognized in the period (€71 million and €43 million, respectively), the net residual exposure amounted to €11 million as of December 31, 2008.

This portfolio also includes €1.3 billion in notes issued by securitization vehicles considered as "at risk":

- a portfolio bringing together the corporate synthetic CDOs (CSOs), representing a gross exposure of €173 million as of December 31, 2008. Cumulative impairment losses amount to €157 million, of which €127 million was recognized in 2008. As of December 31, 2008, the net residual exposure was €16 million;
- negative basis trades (NBTs), which are no longer hedged. These U.S. CLOs and CDOs of European asset-backed securities hold AAA-rated underlyings and represent a net exposure of €797 million as of December 31, 2008 (gross exposure of €820 million for write-downs of €20 million recognized in 2008);
- other notes issued by securitization vehicles (CLOs, CPDOs, LSS, SIVs, etc.) for €262 million, written down in the amount of €223 million (of which €172 million for 2008), thus representing a net exposure of €39 million as of December 31, 2008.

Lastly, the CNCE holds a portfolio consisting of €506 million in notes issued by securitization vehicles hedged by entering into CDS. The CNCE's risk exposure to counterparties, in this case leading European banks, is hedged by the margin calls paid to the CNCE.

Overall, taking into account these impairment losses as well as those recorded on other financial assets in the portfolio, the financial crisis has resulted in a charge of more than €560 million to net banking income and a charge of nearly €70 million to cost of risk (value adjustments, permanent impairment losses, and losses realized on disposals).

In the second half of 2008, the valuation methods used by the CNCE were modified to take into account the difficulty in obtaining reliable prices for all financial assets. Previously valued by reference to quotes (found via Fininfo, Bloomberg, etc.), a large portion of non-liquid assets are now valued using data provided by the valuation models used by Natixis. They are classified as Level 3 in the fair value hierarchy.

B2. Failure of Lehman Brothers

The CNCE had concluded derivative and securities transactions with this counterparty. The termination of derivative transactions has no material impact on profit or loss due to the margin calls.

C. Caisses d'Epargne network

The individual Caisses d'Epargne have no material direct or indirect subprime exposure. Accordingly, their net exposure to CDOs of U.S. asset-backed securities is about €2 million as of December 31, 2008 (€28 million in gross exposures written down in the amount of €26 million, of which €7 million in impairment losses recorded in 2008).

In addition, the individual Caisses d'Epargne carry a net exposure of about €35 million to other securitization assets considered to be at risk:

- €14 million in corporate synthetic CDOs (CSOs): gross exposures of €98 million for which an impairment charge of €67 million was recorded in 2008;
- €21 million for other securities, mainly constant proportion portfolio insurance (CPPI): gross exposures of €26 million written down in the amount of €5 million in 2008.

Overall, given these write-downs as well as impairment losses recognized on other financial assets held in the financial portfolios of the individual Caisses d'Epargne, the financial crisis has resulted in a charge of €595 million to net banking income and €229 million to cost of risk (value adjustments, permanent impairment losses, and losses realized on disposals).

D. Crédit Foncier

As part of its secured lending activity, mostly carried out by Compagnie de Financement Foncier, Crédit Foncier holds a securitization portfolio totaling €23.4 billion. This portfolio comprises assets falling within the scope of the 1999 law creating *sociétés de crédit foncier* (SCF, mortgage lenders regulated as credit institutions) that are intended to be held to maturity.

This diversified, gilt-edged portfolio, comprised primarily of senior debt tranches (96% of outstandings are AAA-rated) does not have any subprime risk exposure.

Securitized loans at risk amounted to nearly €100 million as of December 31, 2008 and were included in the calculation basis for write-downs on a portfolio basis. A charge of €79 million was recognized in respect of this item.

The collapse of Lehman Brothers prompted Crédit Foncier group to terminate swaps entered into with this counterparty, which mainly hedged issues of securities, and to enter into new swaps in the market. A charge of €10 million was taken to cost of risk, in relation to counterparty risk, net of gains on recovery. The residual non-hedged exposure has now been reduced to €4 million.

The SIRP vehicle (created in 1992) was consolidated in 2008 since, as of September 2008, Crédit Foncier ensures the refinancing of this entity.

The valuation of the issuer spread on Compagnie de Financement Foncier's issues designated as financial instruments at fair value through profit or loss had a €156 million positive impact on the income statement for the year ended December 31, 2008.

E. Equity interest in CIFG

On November 22, 2007, Caisse Nationale des Caisses d'Epargne (CNCE) and Banque Fédérale des Banques Populaires (BFBP) agreed to acquire the entire share capital of CIFG, a financial guarantee insurance group and wholly owned subsidiary of Natixis, and to provide it with the resources necessary to maintain, as of this date, its AAA credit rating.

Upon completion of these transactions on December 31, 2007, CIFG was considered to be a jointly controlled entity and was therefore proportionately consolidated in the accounts of its two shareholders.

Since that date, and in view of developments in the markets and in the financial position of the CIFG joint venture:

- any further financial support from the CNCE and BFBP, over and above that already given, has been ruled out;
- a new management team has been appointed at CIFG notably to lead negotiations with the entity's main creditors;
- a commutation process with the company's creditors, under the control of supervisory authorities, was launched in the first quarter of 2008.

This commutation process resulted in the cancellation of guarantees granted to counterparties (representing 98% of some categories of derivatives) in consideration for a cash payment and a stake in CIFG in the form of shares.

Under this agreement, the counterparties (including Natixis) now hold approximately 90% of CIFG's share capital, with the CNCE and BFBP together holding the remaining 10%.

These various measures prompted the Group not to include CIFG in its scope of consolidation as of January 1, 2008.

As of December 31, 2008, CIFG was deconsolidated, with no material impact on the consolidated income statement for 2008, given the level of write-downs already recorded as of December 31, 2007.

1.3.4 Combination between Banque Fédérale des Banques Populaires and Caisse Nationale des Caisses d'Epargne

On October 8, 2008, Groupe Banque Populaire and Groupe Caisse d'Epargne officially announced their plans to combine their two central institutions, Banque Fédérale des Banques Populaires (BFBP) and Caisse Nationale des Caisses d'Epargne (CNCE) to form a single central institution shared by the two independent networks, which would result in the creation of the second largest French banking group.

On November 12, 2008, an agreement for the opening of negotiations was reached between Banque Fédérale des Banques Populaires and Caisse Nationale des Caisses d'Epargne. This agreement lays down the framework for the work to be undertaken and for the discussions to be pursued by the BFPF and the CNCE with a view to reaching a definitive agreement upon the terms of their merger, which is to take effect in the first half of 2009.

Among the planned features of this merger, the framework agreement stipulates that the governance of the company resulting from this merger, which will take the form of a joint-stock corporation (*société anonyme*) with a Management Board and a Supervisory Board, will be based on principles of balance and equality between the two networks.

1.4 Subsequent events

The acquisition by the CNCE of the shares in Crédit Foncier held by Nexity, which occurred in early 2009, will have no material impact on the financial statements for the year ending December 31, 2009.

Note 2 Regulatory framework

In accordance with EC Regulation No. 1606/2002 of July 19, 2002 on the application of international accounting standards, Groupe Caisse d'Epargne has prepared its 2008 consolidated financial statements under International Financial Reporting Standards (IFRS) as adopted for use by the European Union and applicable as of that date, thereby excluding certain provisions of IAS 39 relating to hedge accounting *(see Note 4.2.4)* [1].

The accounting standards and interpretations used and described in the financial statements for the year ended December 31, 2007 were supplemented by the standards and interpretations whose application is mandatory for the first time in 2008, namely:

Amendments to IAS 39 and IFRS 7 "Reclassification of financial assets"

On October 13, 2008, the IASB published amendments to IAS 39 "Financial instruments: recognition and measurement" and IFRS 7 "Financial instruments: disclosure and presentation", which allow for the reclassification of certain financial instruments.

The provisions of this amendment, applicable as from July 1, 2008, relate to the following reclassifications:

- reclassification of financial assets held for trading into the categories "available-for-sale financial assets", "held-to-maturity financial assets", or "loans and receivables";
- reclassification of the category "available-for-sale financial assets" into the category "loans and receivables".

The impact of these reclassifications on the financial statements of Groupe Caisse d'Epargne is described in Note 5.7.

IFRIC 11: "Group and treasury share transactions" and IFRIC 14 "IAS 19: The limit on a defined benefit asset, minimum funding requirements, and their interaction"

The application of these interpretations has no impact on the Group's consolidated financial statements.

Groupe Caisse d'Epargne has decided against early application of the following standards, amendments and interpretations:

IFRS 8 "Operating segments"

IFRS 8 "Operating segments", adopted by the European Union on November 22, 2007, is applicable for accounting periods beginning on or after January 1, 2009, the date as of which the Group will apply this standard. Apart from its impact on the presentation of financial statements, this standard may theoretically have an impact on the impairment of goodwill that may be reallocated to new segments.

However, Groupe Caisse d'Epargne does not expect the application of IFRS 8 to have a material impact on its financial statements in 2009.

Amendments to IFRS 2, IAS 23, and IFRIC 13 customer loyalty programs

The Group does not expect the application of these amendments to have a material impact on its financial statements in 2009.

The following interpretations have not yet been adopted for use by the European Union:

- IFRIC 12 "Service concession arrangements";
- IFRIC 15 "Agreements for the construction of real estate";
- IFRIC 16 "Hedges of a net investment in a foreign operation".

The application of these interpretations is not expected to have a material impact on the Group's financial statements.

Finally, some standards and amendments published by the IASB in 2008 will only require mandatory application for periods beginning on or after January 1 or July 1, 2009, or following their adoption by the European Union:

- revised versions of IFRS 3 and IAS 27;
- amendments to IAS 32 and IAS 1;
- improvements to IFRS 2008;
- amendments to IFRS 1 and IAS 27.

The Group has not opted for the early application of these standards and amendments.

(1) These standards can be consulted on the website of the European Commission at the following address: http://ec.europa.eu/internal_market/accounting/ias_fr.htm#adopted-commission.

Note 3 Consolidation principles and methods used by Groupe Caisse d'Epargne

3.1 Scope of consolidation

The consolidated financial statements of Groupe Caisse d'Epargne include the accounts of the individual Caisses d'Epargne, the Caisse Nationale des Caisses d'Epargne, and all subsidiaries and companies controlled by the Group or over which it exercises significant influence, whose consolidation had a material impact on the aforementioned financial statements.

In view of the Group's particular structure as described in Note 1, the consolidating entity is the Caisses d'Epargne network and its central institution, the Caisse Nationale des Caisses d'Epargne.

3.1.1 Control

Exclusive control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities, and results from either the direct or indirect ownership of the majority of voting rights, the power to appoint a majority of the members of the Board of Directors, or the right to exercise a dominant influence by virtue of a management contract or in accordance with the Group's bylaws.

Joint control is the contractually agreed sharing of control over an economic entity involving a limited number of associates or shareholders, such that the entity's financial and operating policies are determined by agreement between those partners, and exists only when the strategic financial and operating decisions require the unanimous consent of the parties sharing control.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, without exercising control over it. Significant influence may be exercised through representation on the Board of Directors or equivalent governing body of the entity, participation in policy-making decisions, material transactions between the Group and the entity, exchanges of managerial personnel or provision of essential technical information. Significant influence is presumed to exist when the Group holds, directly or indirectly, 20% or more of the voting rights of an entity.

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing the type of control exercised by the Group. These potential voting rights may result, for example, from share call options traded on the market, debt or equity instruments that are convertible into ordinary shares, or equity warrants attached to other financial instruments. However, potential voting rights are not considered for the purpose of determining the Group's ownership interest.

3.1.2 Special purpose entities

The Group consolidates special purpose entities (SPEs) formed specifically to manage a transaction or a group of transactions with similar characteristics – even if the Group has no equity interest in the entity – when in substance they are controlled by the Group.

Control is established if, in substance:

- the activities of the SPE are being conducted exclusively on behalf of the Group, such that the Group obtains benefits from those activities;
- the Group has decision-making and management powers over the ordinary activities or the assets of the SPE or, by setting up an "autopilot" mechanism, the entity has delegated these decision-making powers;
- the Group is entitled to the majority of the benefits of the SPE;
- the Group is exposed to a majority of the risks relating to the activities of the SPE.

In view of the situation created by the financial crisis, the Group has reviewed the position of certain non-consolidated entities pursuant to the criteria set forth in IAS 27 and SIC 12, as well as with regard to certain or probable future events (e.g., drawdown of liquidity lines, reinstated assets, etc.).

However, entities operating in a fiduciary capacity, on behalf of third parties, and in the interests of all parties involved, are not consolidated.

3.1.3 Private equity businesses

IAS 28 and IAS 31 dealing with investments in associates and interests in joint ventures recognize the specific circumstances of private equity businesses, and allow such entities to choose not to account for investments representing between 20% and 50% of a company's share capital by the equity method, provided that these investments are classified as "Financial assets at fair value through profit or loss".

The private equity subsidiaries of Natixis have chosen to account for their investments in accordance with this provision, on the grounds that it provides more relevant information for investors.

3.2 Consolidation methods

Consolidation methods are based on the Group's ability to control an entity, irrespective of the nature of that entity's business activities.

The accounts of entities under exclusive control, including entities with different accounting structures, are fully consolidated.

Entities that the Group controls jointly with a limited number of investors are consolidated on a proportional basis.

Entities over which the Group exercises significant influence are accounted for by the equity method.

3.3 Presentation of the consolidated financial statements and balance sheet date

3.3.1 Presentation of the consolidated financial statements

As no specific format is required under IFRS, the presentation used by the Group for summarized statements follows Recommendation 2004 R 03 issued by the *Conseil national de la comptabilité* (CNC, the French national accounting board) on October 27, 2004.

3.3.2 Balance sheet date

The Group's consolidated financial statements are prepared based on the accounts of the companies included in the scope of consolidation of Groupe Caisse d'Epargne as of December 31, 2008, and were approved by the Management Board of the CNCE on February 23, 2009.

3.4 Use of estimates in the preparation of financial statements

Preparation of financial statements requires management to make estimates and assumptions with regard to uncertain future events, based on the judgment of the individuals preparing these financial statements and the information available as of the balance sheet date.

Actual future results may differ from these estimates.

Specifically with respect to the financial statements for the year ended December 31, 2008, the accounting estimates involving assumptions were mainly used in the following areas:

- goodwill impairment testing *(see Note 3.6)*;
- credit risk valuations, including in particular the determination of impairment on an individual basis and of impairment calculated on a portfolio basis *(see Note 4.2.1)*;
- the valuation of financial instruments on the basis of models *(see Note 4.2.5)*;
- provisions for regulated home savings products *(see Note 4.7)*;
- calculations related to the cost of pensions and future employee benefits *(see Note 4.9)*.

3.5 Consolidation principles

The consolidated financial statements are prepared using uniform accounting policies for reporting similar transactions in comparable circumstances. Where material, consolidation adjustments are made to ensure the consistency of the measurement methods applied by consolidated entities.

3.5.1 Elimination of intercompagny balances and transactions

The impact of intercompagny transactions and balances on the consolidated balance sheet and consolidated income statement is eliminated on consolidation. Gains and losses on intercompagny asset disposals are also eliminated, while any intercompagny impairment losses are retained.

3.5.2 Foreign currency translation

The Group's consolidated financial statements are presented in euros.

Balance sheet items of foreign entities whose functional currency is not the euro are translated using the exchange rate as of the balance sheet date. Income and expense items are translated at the average exchange rate for the period.

As of January 1, 2005, Groupe Caisse d'Epargne's transition date to IFRS, differences arising on the translation of balance sheet and income or expense items are recorded in shareholders' equity under "Translation adjustments" for the portion attributable to equity holders of the parent, and under "Minority interests" for the portion attributable to minority shareholders.

3.6 Business combinations

All business combinations carried out after January 1, 2005, Groupe Caisse d'Epargne's transition date to IFRS, are accounted for by applying the purchase method, except business combinations involving two or more mutual entities or entities under common control, as these transactions do not fall within the scope of IFRS 3.

The cost of a business combination is the aggregate of the fair values, as of the date of acquisition, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the entity, plus any costs directly attributable to the business combination.

All identifiable assets, liabilities, contingent liabilities and off-balance sheet items of the acquiree are recognized at fair value as of the acquisition date. The provisional accounting for a business combination may be adjusted within 12 months of the acquisition date.

Goodwill represents the difference between the cost of the business combination and the acquirer's share in the net fair value of the identifiable assets, liabilities and contingent liabilities. Goodwill is recognized in the acquirer's balance sheet and negative goodwill is recognized immediately in profit or loss.

In the event that the Group increases its interest in an entity it already controls, the transaction gives rise to the recognition of additional goodwill, which is determined by comparing the cost of the shares with the Group's share in the net assets acquired.

Goodwill is recognized in the functional currency of the acquiree and is translated at the closing exchange rate.

Goodwill is tested for impairment at least annually, or more frequently if events or changes in circumstances indicate that it might be impaired.

As of the acquisition date, goodwill acquired in a business combination is allocated to each of the cash-generating units (CGUs), or groups of cash-generating units, expected to benefit from the synergies of the combination. Cash-generating units have been defined within the Group's core businesses so as to represent the lowest level within an activity used by management to monitor return on investment. Impairment tests consist in comparing the carrying value of each CGU (including allocated goodwill) with its recoverable amount (the higher of the fair value of the unit and its value in use).

Fair value is defined as the best estimate of the amount, less costs to sell, for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction, on the basis of available market information and taking account of any specific circumstances. The value in use of each CGU is calculated using the most appropriate method, although generally with reference to the present value of estimated future cash flows.

An impairment loss is recognized in income if the carrying amount of the CGU exceeds its recoverable amount. Impairment losses recognized for goodwill may not be reversed in subsequent periods.

Note 4 Accounting policies

4.1 Foreign currency transactions

The method used to account for assets and liabilities relating to foreign currency transactions entered into by the Group depends upon whether the asset or liability in question is classified as a monetary or a non-monetary item.

Monetary assets and liabilities expressed in foreign currencies are translated into the functional currency of the Group entity in whose balance sheet they are recognized, at the exchange rate in effect on the balance sheet date. All resulting translation differences are recognized in profit or loss, except in the following two cases:

- only the portion of the translation difference calculated based on the amortized cost of available-for-sale financial assets is recognized in profit or loss; any additional translation difference is recognized in equity;
- translation differences arising on monetary items designated as cash flow hedges or as part of a net investment in a foreign operation are recognized in equity.

Non-monetary assets carried at historical cost are translated using the exchange rate prevailing on the transaction date, while non-monetary assets measured at fair value are translated using the exchange rate in effect on the balance sheet date. Translation differences on non-monetary items are recognized in profit or loss if gains and losses relating to the items are recorded in profit or loss, and in equity if gains and losses relating to the items are recorded in equity.

4.2 Financial assets and liabilities

4.2.1 Loans and receivables

Amounts due from credit institutions and customers and certain investments not quoted in an active market and not held for trading are generally recorded in "Loans and receivables" *(see Note 4.2.2)*.

Loans and receivables are initially recorded at fair value plus any costs directly related to their issuance, less any proceeds directly attributable to issuance such as loan set-up fees. On subsequent balance sheet dates, they are measured at amortized cost using the effective interest method.

The effective interest rate is the rate that exactly discounts estimated future cash flows (payments or receipts) to the fair value of the loan at inception. This rate includes any discounts recorded in respect of loans granted at below-market rates, as well as any transaction income or costs directly related to the issue of the loan, which are treated as an adjustment to the effective yield on the loan.

Restructured loans

Loans may be restructured due to financial difficulties being experienced by the debtor. The restructured terms may be the result of an amicable settlement with the debtor, a court ruling, or a decision by a special debt commission.

A discount is taken on restructured loans to reflect the difference between the present value of the contractual cash flows at inception and the present value of expected principal and interest repayments after restructuring. The discount rate used is the original effective interest rate. This discount is expensed to "Cost of risk" in the income statement and offset against the corresponding outstanding in the balance sheet. It is written back to net interest income in the income statement over the term of the loan.

Impairment of loans and receivables

An impairment loss is recognized when, after the inception of the loan, objective evidence of impairment exists whose impact on future cash flows can be measured reliably.

Impairment on an individual basis

Loans are first assessed for impairment on an individual basis. A risk is considered incurred when it is probable that the Group will not collect all or part of the sums due under the terms of the commitments made by the counterparty, notwithstanding any guarantees or collateral. Loans and receivables are classified as doubtful:

- when one or more installments is at least three months past due (six months past due in the case of loans to residential property owners and real estate finance leaseholders and nine months past due in the case of loans to local authorities);
- when the financial position of the counterparty presents a known risk, irrespective of whether the counterparty has defaulted (serious financial difficulties being experienced by the debtor, increase in the number of overdue payments, significant likelihood of bankruptcy, etc.);
- in the event of litigation.

The amount of impairment is the difference between the carrying amount of the asset and the present value of estimated future cash flows discounted at the original effective interest rate. Impairment is calculated taking into account the impact of any collateral inherent in the contract. The amount of this impairment is recorded in the income statement under "Cost of risk", and the value of the financial asset is reduced by the same amount through an impairment charge recorded under a separate account. Any decrease in the impairment loss in a subsequent period which can be related objectively to an event occurring after the impairment was recognized is credited to the income statement under "Cost of risk".

Once an impairment loss has been recognized, the notional interest on the asset's net carrying value, calculated at the original effective interest rate used to discount estimated future recoverable cash flows to present value, is recorded under "Interest and similar income" in the income statement.

Expected losses on portfolios comprised of small loans with similar characteristics may be estimated based on statistical methods.

Impairment on a portfolio basis

Counterparties that are not individually impaired are risk-assessed on the basis of portfolios of loans and receivables with similar characteristics. The existence of an incurred risk on a portfolio of loans with similar characteristics leads to an impairment loss, even though the risk cannot at this stage be allocated to individual counterparties.

The methodology implemented by the Group to identify at-risk portfolios draws upon a rating system based on an analysis of incident rates and internal ratings drawing on historical data, combined where necessary with an assessment of external credit ratings. The Group may also perform an industry or geographical analysis based on an expert opinion, taking account of various economic factors intrinsic to the loans and receivables in question.

Portfolio-based impairment is calculated based on expected losses on the identified population. The probability of default is calculated up to maturity.

4.2.2 Securities

Securities recorded within assets are classified into four categories as defined by IAS 39:

- financial assets at fair value through profit or loss;
- held-to-maturity financial assets;
- loans and receivables;
- available-for-sale financial assets.

Financial assets at fair value through profit or loss

This asset category includes:

- financial assets held for trading, i.e., securities acquired principally for the purpose of selling them in the near term;
- financial assets that the Group has chosen to recognize at fair value though profit or loss at inception using the fair value option available under IAS 39. The qualifying criteria used when applying this option are described in Note 4.2.6 "Financial assets and liabilities designated at fair value through profit or loss.

The fair value at inception of the assets classified in this category is calculated based on the bid price. These assets are remeasured at fair value at each balance sheet date with any changes in fair value over the period recognized in "Net gain or loss on financial instruments at fair value through profit or loss".

Held-to-maturity financial assets

Held-to-maturity (HTM) financial assets are securities with fixed or determinable payments and fixed maturity that the Group has the intention and ability to hold until maturity.

IAS 39 does not permit the sale or transfer of these securities before maturity except in certain specific circumstances. In the event that the securities are sold before maturity, all held-to-maturity assets must be reclassified at Group level and the held-to-maturity category cannot be used for a period of two years.

Instruments contracted to hedge HTM financial assets against interest rate risk are not permitted.

Held-to-maturity financial assets are recognized at fair value upon inception, including transaction costs. They are subsequently measured at amortized cost using the effective interest method, including any premiums, discounts and acquisition fees, where material.

Loans and receivables

The "Loans and receivables" portfolio comprises non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. In addition, these assets must not expose the Group to material losses not related to the deterioration in their credit quality.

Some securities not quoted in an active market may be classified in this portfolio. These are recognized at fair value at inception, which corresponds to their face value plus transaction costs, less any discount and transaction income. Securities classified in this category comply with the rules for recognition, measurement and impairment applicable to loans and receivables.

Available-for-sale financial assets

Available-for-sale financial assets are all securities not classified within the previous three categories.

Available-for-sale financial assets are recognized at purchase cost, including transaction costs.

They are remeasured at fair value as of each balance sheet date. The principles used to determine fair value are described in Note 4.2.5.

Interest income accrued or received on fixed-income securities is recorded under "Interest and similar income", while income from variable-income securities is included within "Net gain or loss on available-for-sale financial assets".

Reclassification of financial assets

The amendments to IAS 39 and IFRS 7 adopted by the European Union on October 15, 2008 define the terms and conditions for the reclassification of non-derivative financial assets at fair value (with the exception of those initially designated at fair value through profit or loss) into other categories:

- reclassification of financial assets held for trading into the categories "available-for-sale financial assets" or "held-to-maturity financial assets".

  Any non-derivative financial assets may be reclassified whenever the Group is able to demonstrate the existence of "rare circumstances" leading to this reclassification. It should be noted that the IASB has characterized the financial crisis of the second half of 2008 as a "rare circumstance".

  Only instruments with fixed or determinable payments may be reclassified into "held-to-maturity financial assets". The Group must also have the intention and the ability to hold these instruments until maturity. Instruments included in this category may not be hedged against interest rate risk;
- reclassification of "financial assets held for trading" or "available-for-sale financial assets" into the category "loans and receivables".

  Any non-derivative financial asset meeting the definition of "Loans and receivables" and, in particular, any fixed-income instruments not quoted in an active market may be reclassified if the Group changes its management strategy and decides to hold the instrument for a foreseeable future or to maturity. The Group must also have the ability to hold this instrument over the medium to long term.

Reclassifications are carried out at fair value as of the reclassification date, this value serving, for instruments transferred to categories measured at amortized cost, as the new amortized cost.

A new effective interest rate is then calculated as of the reclassification date in order to bring this new amortized cost in line with the redemption value, which implies that the instrument has been reclassified with a discount.

For instruments previously recorded under available-for-sale financial assets, the amortization of the new discount over the residual life of the instrument will be offset by the amortization of the unrealized loss recorded under unrealized or deferred gains or losses as of the reclassification date and taken to the income statement on an actuarial basis.

Impairment of securities

An impairment loss is recognized on an individual basis against securities, with the exception of securities classified as financial assets at fair value through profit or loss, when there is objective evidence of impairment resulting from one or more events having occurred since the initial recognition of the asset (known as "loss events"). A loss event is defined as one that has an impact on the estimated future cash flows of a financial asset which can be reliably estimated.

Different rules are used for the impairment of equity instruments and debt instruments.

In the case of equity instruments, a long-term or significant decrease in value represent objective indications of impairment. For listed securities, due to the current extreme level of market volatility, a material decrease in value is henceforth deemed to have occurred if the security loses over 30% of its value over a six-month period (previously, this threshold was set at 20%).

This approach is used alongside an individual assessment of objective indications of impairment for each security, particularly in the event of a marked decline in value prior to year-end. Whenever there are indications of impairment, an analysis of the anticipated future cash flows of the asset is performed. If the Group determines that the value of the asset may not be recovered in its entirety, an impairment charge is recorded in the income statement. In the case of unlisted equity instruments, a qualitative analysis of any permanent impairment in value is carried out using the valuation techniques described in Note 4.2.5.

Impairment losses recognized on equity instruments are irreversible and may not be written back to income. They are recorded in "Net gain or loss on available-for-sale financial assets" with any subsequent increase in value taken to equity until disposal of the securities.

Impairment losses are recognized on instruments such as bonds or securitized transactions (ABS, CMBS, RMBS, cash CDOs, etc.) when there is a known counterparty risk.

The Group uses the same impairment indicators for debt securities as those used for individually assessing the impairment risk on loans and receivables, irrespective of the portfolio to which the debt securities are ultimately designated. For perpetual deeply subordinated notes, the Group is especially attentive to cases whereby, under certain conditions, the issuer may fail to pay the coupon or may extend the issue beyond the agreed call date.

In the event of an improvement in the issuer's financial position, impairment losses taken on debt instruments may be written back to the income statement. Impairment losses and write-backs are recorded in "Cost of risk".

Date of recognition

Securities are recorded in the balance sheet on the settlement/delivery date.

Rules applicable to partial disposals

The FIFO method is applied to any partial disposals of securities.

Treatment of wash sale transactions

For a gain or loss to be recognized on the sale and repurchase of mutual fund units at the same net asset value, there must be evidence of a true sale in accordance with IAS 39.

A true sale occurs when the sale price is an actual market price.

For this condition to be met, the transaction must satisfy the following three criteria:

- the fund must be AMF-approved or have a European UCITS III passport;
- the buy order must be for less than 10% of the fund's net assets;
- if the buy and sell orders are separate, the transaction costs must not exceed 1% of the transaction amount.

If these criteria are not met, the results of buy and sell transactions may not be taken to profit or loss unless it can be demonstrated that the value applied is reliable and objective.

4.2.3 Debt instruments

Financial instruments issued by the Group qualify as debt instruments if the issuer has a contractual obligation to deliver cash or another financial asset to the holder of the instrument, or to exchange the instrument under conditions that are potentially unfavorable to the Group.

Issues of debt securities (which are not classified as financial liabilities at fair value through profit or loss) are initially recognized at issue value including transaction costs. They are subsequently measured at amortized cost at each balance sheet date using the effective interest method.

These instruments are recognized in the balance sheet under the headings "Amounts due to credit institutions", "Amounts due to customers", or "Debt securities".

4.2.4 Derivative instruments and hedge accounting

A derivative is a financial instrument or other contract with all three of the following characteristics:

- its value changes in response to the change in a specific interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit ratings or credit index, or other variable, with the understanding that, in the case of a non-financial variable, this variable may not be specific to one of the parties to the contract (sometimes called the "underlying");
- it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors; and
- it is settled at a future date.

All derivative financial instruments are recognized in the balance sheet on the trade date and measured at fair value at inception. They are remeasured at fair value as of each balance sheet date regardless of whether they were acquired for trading or hedging purposes.

Changes in the fair value of derivatives are recognized in profit or loss for the period, except for derivatives qualifying as cash flow hedges for accounting purposes.

Derivative financial instruments are classified into the following two categories:

Trading derivatives

Derivatives held for trading are recorded in the balance sheet under "Financial assets and liabilities at fair value through profit or loss". Realized and unrealized gains and losses on derivatives held for trading are taken to income on the line "Net gain or loss on financial instruments at fair value through profit or loss".

Hedging derivatives

A hedging relationship qualifies for hedge accounting if, at the inception of the hedge, there is formal documentation of the hedging relationship identifying the hedging strategy, the type of risk hedged, the designation and characteristics of the hedged item and the hedging instrument. In addition, the effectiveness of the hedge must be demonstrated at inception and subsequently verified.

Derivatives contracted as part of a hedging relationship are designated according to the purpose of the hedge.

Fair value hedges

Fair value hedges are intended to reduce exposure to changes in the fair value of an asset or liability carried on the balance sheet, or a firm commitment, in particular the interest rate risk on fixed-rate assets and liabilities.

The gain or loss on the remeasurement of hedging instruments is recognized in profit or loss symmetrically with the gain or loss on the hedged item attributable to the risk being hedged. The ineffective portion of the hedge, if any, is recorded in the income statement under "Net gain or loss on financial instruments at fair value through profit or loss".

Accrued interest on the hedging instrument is taken to income symmetrically with the accrued interest on the hedged item.

Where identified assets or liabilities are hedged, the remeasurement of the hedged component is recognized in accordance with the classification of the hedged item.

If a hedging relationship ceases (investment decision, failure to fulfill effectiveness criteria, or because the hedged item is sold before maturity), the hedging instrument is transferred to the trading portfolio. The remeasurement adjustment recorded in the balance sheet in respect of the hedged item is amortized over the residual life of the initial hedge. If the hedged item is sold before maturity or redeemed early, the cumulative amount of the revaluation is recognized in profit or loss for the period.

Cash flow hedges

The purpose of cash flow hedges is to hedge the exposure to the variability of cash flow that is attributable to a particular risk associated with a recognized asset or liability or with a future transaction (hedge of interest rate risk on variable rate assets or liabilities, hedge of conditions relating to future transactions such as future fixed interest rates, future prices, exchange rates, etc.).

The portion of the gain or loss on the hedging instrument that is deemed to be an effective hedge is recognized on a separate line in equity to be recycled to the income statement; the ineffective portion of the gain or loss on the hedging instrument is recorded in the income statement under "Net gain or loss on financial instruments at fair value through profit or loss".

Accrued interest on the hedging instrument is taken to income symmetrically with the accrued interest on the hedged item and recorded in "Net interest income".

The hedged items are accounted for using the treatment applicable to their specific asset category.

If a hedging relationship ceases (because the hedge no longer meets the effectiveness criteria, the derivative is sold or the hedged item ceases to exist) the cumulative amounts recognized in equity are transferred to the income statement as and when the hedged item impacts profit or loss, or immediately if the hedged item ceases to exist.

Hedges of a net investment in a foreign operation

The net investment in a foreign operation is the amount of the stake held by the consolidating entity in the net assets of the operation.

The purpose of a net investment hedge is to minimize the foreign exchange effect of an investment in an entity whose functional currency is different from the presentation currency of the consolidating entity's financial statements.

Net investment hedges are accounted for in the same manner as cash flow hedges.

Unrealized gains and losses initially recognized in equity are taken to income when the net investment is sold in full or in part.

Macro-hedging

The Group applies the so-called "carve-out" from IAS 39 adopted by the European Union.

The version of IAS 39 adopted for use by the European Union does not include certain hedge accounting provisions that appear incompatible with the strategies implemented by European banks to reduce overall exposure to interest rate risk. In particular, this "carve-out" allows the Group to make use of hedge accounting for interbank interest rate risk on customer transactions at fixed rates (loans, savings accounts and demand deposits). The Group mainly uses plain vanilla interest rate swaps designated upon inception as fair value hedges of fixed-rate deposits and loans.

Macro-hedging derivatives are accounted for in the same way as derivatives used to hedge the fair value of specific transactions (micro-hedging).

In a macro-hedging relationship, gains and losses on the remeasurement of the hedged item are recorded in "Remeasurement adjustment on interest-rate risk hedged portfolios".

The hedges are deemed effective if the derivatives offset the interest rate risk on the underlying fixed-rate portfolio.

Effectiveness is tested in two ways:

- asset-base testing: for plain vanilla swaps designated as hedging instruments upon inception, the Group verifies that no excess hedging exists (i) prospectively at the date the instrument is designated as a hedge; and (ii) retrospectively at each balance sheet date;
- quantitative testing: other swaps are considered effective if prospectively at the date the instrument is designated as a hedge, or retrospectively at each balance sheet date, changes in the actual value of the swap offset the changes in the value of a hypothetical swap that exactly reflects the underlying hedged item.

If a hedging relationship ceases, the remeasurement adjustment is amortized on a straight-line basis over the residual life of the hedge if the hedged item has not been derecognized, or taken directly to income if the hedged item is no longer recorded in the balance sheet. In particular, derivatives used for macro-hedging may be disqualified for hedge accounting purposes when the nominal amount of the hedged items falls below the nominal amount of the hedging instruments, for example in the case of the prepayment of loans or the withdrawal of deposits.

Embedded derivatives

An embedded derivative is a component of a financial or non-financial hybrid (combined) instrument that qualifies as a derivative. It must be separated from the host contract and accounted for as a derivative if the hybrid instrument is not measured at fair value through profit or loss, and if the economic characteristics and risks associated with the derivative are not closely related to those of the host contract.

Examples of separable embedded derivatives used by the Group are plain vanilla or complex interest rate swaps (which provide significant leverage for loans, bonds or financial liabilities) and debt instruments linked to share prices or to counterparty risk other than that of the issuer of an underlying debt instrument (particularly credit linked notes).

Instruments whose contracts contain a price escalation clause that do not meet the definition of an embedded derivative (e.g., cash CDOs) do not have to be separated.

4.2.5 Determination of fair value

General principles

Financial assets and liabilities at fair value through profit or loss and available-for-sale financial assets are recognized at their fair value as of the balance sheet date. Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value of a financial instrument on initial recognition is normally the transaction price (i.e., the fair value of the consideration given or received).

For financial instruments, the best estimate of fair value is a quoted price in an active market. Entities must favor quoted prices in active markets when they exist.

In the absence of a quoted price, fair value may be determined using appropriate valuation techniques that are generally accepted by the financial markets and that make use of observable market inputs rather than data specific to the entity.

Finally, if the extent of observable market data is not adequate to make the determination, fair value may be determined using a valuation methodology relying on internal models. Internal models used in this manner must be calibrated from time to time by matching their results to recent transaction prices.

A market for an instrument is regarded as active if quoted prices are readily and regularly available from an exchange, broker, dealer, pricing service or regulatory authority, and provided those prices represent actual and recurring market transactions conducted at arm's length.

The absence of an active market and observable parameters may be documented on the basis of the following criteria:

- significant drop in the volume of transactions and the level of market activity;
- considerable difficulties in obtaining quoted prices;
- limited number of contributors or no contribution by leading market players;
- widely varying prices available at the same time from different market participants;
- prices not at all representative of the intrinsic value of the asset and/or large disparities between the bid and ask prices (broad price range).

These criteria must be tailored to the characteristics of the assets in question and may be supplemented by any other evidence supporting the contention that the asset is no longer quoted in an active market. In the absence of recent transactions, this demonstration requires, in any event, that the entity exercise its judgment in determining whether a market is not active.

Day one profit

Day one profit generated upon recognition of a financial instrument cannot be recognized in profit or loss unless the financial instrument can be measured reliably at inception. Financial instruments that can be measured reliably at inception include those traded in active markets and instruments valued using accepted models drawing only on observable market parameters (for example, the use of market yield curves accessible to any participant intended to measure plain vanilla interest rate swaps by determining the present value of future cash flows).

Valuation models used to price some structured products that often involve tailor-made solutions may use parameters that are partially non-observable in active markets. On initial recognition of these instruments, the transaction price is taken to reflect the market price, and the margin generated upon inception (day one profit) is deferred and taken to profit or loss over the period during which the valuation parameters are expected to remain non-observable.

When these parameters become observable, or when the valuation technique used becomes widely recognized and accepted, the portion of day one profit not yet recognized is taken to profit or loss.

Day one profit on operations considered non-observable was restated on a prospective basis for transactions entered into after October 25, 2002.

4.2.6 Financial assets and liabilities designated at fair value through profit or loss

The amendment to IAS 39 adopted by the European Union on November 15, 2005 allows entities to designate financial assets and liabilities on initial recognition as at fair value through profit or loss. However, an entity's decision to designate a financial asset or liability at fair value through profit or loss may not be reversed.

Compliance with the criteria stipulated by the standard must be verified prior to any recognition of an instrument using the fair value option.

In practice, this option may only be applied under the specific circumstances described below:

Elimination or significant reduction of a measurement or recognition inconsistency (accounting mismatch)

The application of the fair value option allows for:

- the elimination of accounting mismatches stemming from the application of different valuation rules to instruments managed in accordance with a single strategy;
- the elimination of restrictions concerning the designation, monitoring and analysis of hedge effectiveness in the case of fair value hedges, as opposing changes in fair value are automatically offset in profit or loss (e.g., for a fixed-rate bond combined with a fixed-rate borrower swap).

Harmonization of accounting treatment and performance management and measurement

The option applies for a group of assets and/or liabilities managed and measured on a fair value basis, provided that it is based on a formally documented risk management or investment strategy, and information about the Group is also reported internally on a fair value basis.

This circumstance mainly arises in connection with Natixis' capital markets activities.

Hybrid financial instruments containing one or more embedded derivatives

The fair value option may be applied when the embedded derivative(s) substantially modify the cash flows of the host contract and when the separate recognition of the embedded derivative(s) is not specifically prohibited by IAS 39 (e.g., an early redemption option at cost embedded in a debt instrument). The option allows the entire instrument to be measured at fair value, and therefore avoids the need to extract, recognize or separately measure the embedded derivative.

This accounting treatment applies in particular to loans granted by the individual Caisses d'Epargne to local authorities and to some structured debt issues containing material embedded derivatives.

4.2.7 Financial guarantees and financing commitments

Financial guarantees

A contract qualifies as a financial guarantee contract when it contains an indemnity clause requiring the issuer (guarantor) to reimburse the holder of the guarantee for a loss it incurs because of default by a specified debtor, who fails to meet payments due at maturity according to the original or amended terms and conditions of a debt instrument.

These contracts are initially measured at fair value. If the contract bears interest, fair value is deemed to be equal to the commission/risk premium received by the issuer. Financial guarantee contracts are subsequently measured at the higher of the best estimate of the amount required to settle the obligation (as per IAS 37) and the initial fair value, less any amortization of the interest as stipulated in IAS 18.

However, guarantees that give rise to a payment resulting from fluctuations in financial variables (based on credit ratings, for example) are treated as derivatives under IAS 39 and must be accounted for as such.

Financial guarantee arrangements that are clearly designated as insurance contracts prior to the transition to IFRS are recognized as such in the Group's financial statements, as provided under IFRS 4.

Financing commitments

Financing commitments that do not qualify as derivative financial instruments are recorded off-balance sheet.

A provision is booked if there is a known risk that the counterparty will default. The Group uses the same default indicators for financing commitments as those used for assessing the impairment risk on individual loans and receivables. The impairment is calculated on the basis of the value of estimated future cash flows, discounted at the original effective interest rate.

4.2.8 Derecognition of financial assets and liabilities

A financial asset (or group of similar financial assets) is derecognized when the contractual rights to the asset's future cash flows expire or when such rights are transferred to a third party, together with substantially all of the risks and rewards associated with ownership of the asset.

An asset or liability reflecting rights and obligations created or retained as a result of the transfer of the asset (or group of assets) is recorded on a separate line in the balance sheet.

When a financial asset is derecognized in full, a gain or loss on disposal is recorded in the income statement reflecting the difference between the carrying amount of the asset and the consideration received.

If the Group has retained control of the financial asset, the asset continues to be recognized in the balance sheet to the extent of the Group's continuing involvement.

The Group only removes a financial liability (or a part of a financial liability) from its balance sheet when it is extinguished, i.e., when the obligation specified in the contract is discharged, terminated or expires.

Repurchase agreements

Securities sold under repurchase agreements are not derecognized in the assignor's accounts. A liability representing the commitment to return the funds received is identified and recognized under "Securities sold under repurchase agreements". This financial liability is recorded at amortized cost, not at fair value.

In the assignee's books, securities acquired are not recognized but a receivable is recognized with respect to the assignor representing the funds lent. The amount disbursed in respect of the assets is recorded under "Securities received under repurchase agreements".

On subsequent balance sheet dates, the securities continue to be accounted for by the assignor in accordance with the rules applicable to the category in which they were initially classified. The receivable continues to be recorded at face value under loans and receivables.

Securities lending

Securities lending/borrowing transactions do not qualify as transfers of financial assets within the meaning of IFRS. Accordingly, these operations do not lead to derecognition of the securities loaned, which continue to be recognized in the category in which they were initially classified and valued accordingly. Borrowed securities are not recognized in the borrower's balance sheet.

4.2.9 Income and expense relating to financial assets and liabilities

Interest income and expense are recognized on all financial instruments measured at amortized cost using the effective interest method.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the net carrying amount of the financial asset or financial liability.

The effective interest rate calculation takes account of all transaction fees paid or received as well as premiums and discounts. Transaction fees paid or received that are an integral part of the effective interest rate of the contract, such as loan set-up fees and commissions paid to financial intermediaries, are treated as additional interest.

Commissions are recorded in the income statement by type of service provided, and according to the method used to recognize the associated financial instrument:

- commissions payable on recurring services are spread over the period in which the service is provided (payment processing, securities deposit fees, etc.);
- commissions payable on occasional services are recognized in full in profit or loss when the service is provided (fund transfers, payment penalties, etc.);
- commissions payable on execution of a significant transaction are recognized in full in profit or loss on completion of the transaction.

4.3 Investment property

Investment property is property held to earn rentals or for capital appreciation, or both.

The accounting treatment for investment property is identical to that used for property, plant and equipment (*see Note 4.4*) for all Group entities except for the sub-group Natixis Assurance, which recognizes the property it holds as investments in connection with insurance contracts at fair value, with any adjustment to fair value recorded in profit or loss. Fair value is determined used a multi-pronged approach by reference to the capitalization of lease payments at market rates and through comparison with recent completed purchase and sale transactions involving similar property.

4.4 Property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets are initially recognized at cost plus any directly attributable acquisition costs. Software developed internally that fulfills the criteria for recognition as a fixed asset is recognized at its production cost, which includes external charges and the labor costs of employees directly assigned to the project.

The component-based approach is applied to all buildings. The depreciable amount of the asset takes account of its residual value where this is material and can be measured reliably.

After initial recognition, property, plant and equipment and intangible assets are measured at cost less any accumulated depreciation, amortization or impairment.

Property, plant and equipment and intangible assets are depreciated or amortized in order to reflect the pattern in which the asset's future economic benefits are expected to be consumed by the entity, which generally corresponds to the asset's useful life. Where an asset consists of a number of components that have different uses or patterns of consumption of economic benefits, each component is recognized separately and depreciated over a period that reflects the useful life of that component.

The depreciation and amortization periods used by the Group are as follows:

- buildings: 20 to 50 years;
- fixtures and fittings: 5 to 20 years;
- furniture and special equipment: 4 to 10 years;
- computer equipment: 3 to 5 years;
- computer software: not more than 5 years.

Property, plant and equipment and intangible assets are tested for impairment whenever there is any indication that they may be impaired as of the balance sheet date. If the revised recoverable amount of the asset is lower than its carrying amount, an impairment loss is recognized in profit or loss.

This loss is reversed in the event of a change in the estimated recoverable amount or if there is no longer any indication of impairment.

4.5 Leases

Leases are analyzed to determine whether in substance and economic reality they are finance leases or operating leases.

4.5.1 Finance leases

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset. It is treated as a loan granted by the lessor to the lessee in order to finance the purchase of an asset.

In the lessor's financial statements, a receivable is recorded representing the present value of future lease payments (plus the residual value in certain cases). Lease payments received are spread over the lease term, and are treated as repayment of principal and finance income, so as to reflect a constant rate of return on the lessor's net investment in the lease. The interest rate used is the rate implicit in the lease.

Impairment losses recognized on these receivables are determined in the same way as for "Loans and receivables."

In the lessee's financial statements, finance lease contracts with purchase options are treated as the purchase of an asset financed by a loan.

4.5.2 Operating leases

An operating lease is a lease under which substantially all the risks and rewards of ownership of an asset are not transferred to the lessee.

In the lessor's financial statements, the asset is recognized under property, plant and equipment and depreciated on a straight-line basis over the lease term. The depreciable amount does not take into account the residual value of the asset. Lease payments are recognized in profit or loss over the lease term.

The leased asset is not recognized in the balance sheet of the lessee. Lease payments are expensed on a straight-line basis over the lease term.

4.6 Non-current assets held for sale and associated liabilities

Where there is a decision to sell non-current assets and it is highly probable that the sale will occur within 12 months, these assets are shown separately in the balance sheet on the line "Non-current assets held for sale". Any liabilities associated with these assets are also shown separately in the balance sheet on the line "Liabilities associated with non-current assets held for sale".

Once classified in this category, non-current assets are no longer depreciated/amortized and are measured at the lower of the carrying amount and fair value less costs to sell. Financial instruments continue to be measured in accordance with IAS 39.

4.7 Provisions

Provisions other than those relating to employee benefit obligations, provisions on regulated home savings products, off-balance sheet commitments, and insurance contracts mainly consist of provisions for restructuring, claims and litigation, fines and penalties, and tax risks.

Provisions are liabilities of uncertain timing or amount. They represent legal or constructive obligations with regard to third parties, which are likely or certain to result in an outflow of resources embodying economic benefits, with no equivalent consideration in return.

A liability is only recognized in the event that the amount can be measured with sufficient reliability. The amount recognized in provisions is the best estimate of the expense required to extinguish the present obligation as of the balance sheet date.

Provisions are discounted when the impact of discounting is material.

Subsequent additions to and reversals from provisions are taken to the income statement on the line corresponding to the type of expense for which the provision was booked.

Provisions on regulated home savings products

Regulated home savings accounts (*comptes d'épargne logement*, CEL) and regulated home savings plans (*plans d'épargne logement*, PEL) are retail products sold in France governed by the 1965 law on home savings plans and accounts, and subsequent enabling decrees.

Regulated home savings products generate two types of obligations for the Group:

- an obligation to provide a loan to the customer in the future at a rate set on inception of the contract (for PEL products) or at a rate contingent upon the savings phase (for CEL products);
- an obligation to pay interest on the savings in the future at a rate set on inception of the contract for an indefinite period (for PEL products) or at a rate set on a half-yearly basis according to an indexing formula regulated by law (for CEL products).

Obligations with potentially unfavorable consequences for the Group are measured for each generation of regulated home savings plans and for all regulated home savings accounts.

A provision is recognized for the associated risks by discounting future potential earnings from at-risk outstandings:

- at-risk savings correspond to the uncertain future level of savings for plans in existence at the date the provision is calculated. This is estimated on a statistical basis for each future period taking account of historical customer behavior patterns, and corresponds to the difference between the probable outstandings and the minimum expected savings;
- at-risk loans correspond to the outstanding loans granted but not yet due at the calculation date plus statistically probable loan outstandings based on historical customer behavior patterns as well as earned and future rights relating to regulated home savings accounts and plans.

Earnings for future periods from the savings phase are estimated, for a given generation of contracts, as the difference between the regulated rate offered and the expected interest accruing on a comparable savings product on the market.

Earnings for future periods from the loan phase are estimated as the difference between the fixed rate agreed at inception for PEL contracts or a rate contingent on the savings phase for CEL contracts, and the expected interest rate accruing on home loans in the non-regulated sector.

Where the algebraic sum of the Group's estimated future obligations in respect of the savings and loan phases of any generation of contracts indicates a potentially unfavorable situation for the Group, a provision is recognized, with no offset between the different generations. The obligations are estimated using the

Monte Carlo method in order to reflect the uncertainty of future interest rate trends and their impact on customer behavior models and at-risk outstandings.

These provisions are recognized under liabilities in the balance sheet and changes are recorded in net interest income.

4.8. Distinction between debt and equity

Financial instruments issued are classified as either debt or equity according to whether or not the issuer has a contractual obligation to deliver cash or another financial asset to the holders. This obligation must arise from specific contractual terms and conditions, not merely economic constraints.

Members' shares

IFRIC 2 *Members' shares in cooperative entities and similar instruments* clarifies the provisions of IAS 32. In particular, the contractual right of the holder of a financial instrument (including members' shares in co-operative entities) to request redemption does not, in itself, automatically give rise to an obligation for the issuer. Rather, the entity must consider all of the terms and conditions of the financial instrument in determining its classification as a debt or equity.

Based on this interpretation, members' shares are classified as equity if the entity has an unconditional right to refuse redemption of the members' shares or if local laws, regulations or the entity's bylaws unconditionally prohibit or curtail the redemption of members' shares.

Based on the existing provisions of the Group's bylaws relating to minimum capital requirements, members' shares issued by Groupe Caisse d'Epargne are treated as equity.

Commitments to buy back minority interests (written puts)

The Group has entered into commitments with minority shareholders of certain fully consolidated companies to buy back their shares.

In accordance with IAS 32, when minority shareholders are granted written puts for their investment, their share in the net assets of subsidiaries should be treated as debt and not equity.

The Group records in goodwill the difference between the amount of the commitment and the value of the minority interests (representing the corresponding adjustment to the debt).

4.9 Employee benefits

Groupe Caisse d'Epargne grants its employees a variety of benefits that fall into the four categories described below:

4.9.1 Short-term employee benefits

Short-term employee benefits mainly include wages, salaries, paid annual leave, incentive plans, profit-sharing, and bonuses payable within 12 months of the end of the period in which the employee renders the service.

They are recognized as an expense for the period, including amounts remaining due as of the balance sheet date.

4.9.2 Long-term employee benefits

Long-term employee benefits are generally linked to long-service awards accruing to current employees and payable 12 months or more after the end of the period in which the employee renders the related service. These consist mainly of jubilee bonuses.

A provision is set aside for the value of these obligations as of the balance sheet date which is assessed using the same actuarial method as that applied to post-employment benefits.

4.9.3 Termination benefits

Termination benefits are granted to employees on termination of their contract before the normal retirement date, either as a result of a decision by the Group to terminate a contract or a decision by an employee to accept voluntary redundancy. A provision is set aside for termination benefits. Termination benefits payable more than 12 months after the balance sheet date are discounted to present value.

4.9.4 Post-employment benefits

Post-employment benefits include lump-sum retirement bonuses, pensions and other post-employment benefits.

They fall into two categories: defined-contribution plans, which do not give rise to an obligation for the Group, and defined-benefit plans, which give rise to an obligation for the Group and are therefore measured and recognized by means of a provision.

The Group records a provision in liabilities for employee benefit obligations that are not funded by contributions charged to income and paid out to pension funds or insurance companies.

Post-employment benefit obligations are valued using an actuarial method that takes account of demographic and financial assumptions such as age, length of service, the likelihood of the employee being employed by the Group at retirement and the discount rate. It also takes into consideration the value of plan assets and unrecognized actuarial gains and losses, and allocates costs over the working life of each employee (projected unit credit method). The measurement of these obligations takes into consideration the value of plan assets as well as unrecognized actuarial gains and losses.

Actuarial gains and losses on post-employment benefits, arising as a result of changes in actuarial assumptions (early retirement, discount rate, etc.) or experience adjustments (return on plan assets, etc.) are recognized for the portion that exceeds the greater of 10% of the present value of the defined-benefit obligation and 10% of the fair value of any plan assets (corridor method).

In accordance with the option available under IFRS 1, the Group has elected to recognize cumulative actuarial gains and losses in equity as of the transition date.

The annual expense recognized in respect of defined-benefit plans includes the current service cost, interest cost (the effect of discounting the obligation), the expected return on plan assets and the amortization of any unrecognized items.

4.10 Share-based payment

Share-based payment transactions are payments based on shares issued by the Group, regardless of whether transactions are settled in the form of equity or cash, the value of which fluctuates in line with the share price.

The Group elected to apply IFRS 2 for plans set up after November 7, 2002 that had not vested as of January 1, 2005.

The cost to the Group is calculated on the basis of the fair value as of the grant date of the share purchase or subscription options granted by certain subsidiaries. The total cost of the plan is determined by multiplying the value of the option by the estimated number of options that will have vested at the end of the vesting period, taking account of the likelihood that the grantees will still be employed by the Group, and of any non-market performance conditions that may affect the plan.

The cost to the Group is recognized in profit or loss from the date the employees are notified of the plan, without waiting for the vesting conditions, if any, to be satisfied (for example, in the case of a subsequent approval process), or for the beneficiaries to exercise their options.

The corresponding adjustment for the expense recorded on equity-settled plans is an increase in equity.

The Group recognizes a liability for cash-settled plans. The related cost, equivalent to the fair value of the liability, is taken to income over the vesting period and a corresponding adjustment is booked to a debt account. The debt is remeasured to fair value, with changes in fair value taken to profit or loss until the debt is settled.

4.11 Deferred taxes

Deferred taxes are recognized when temporary differences arise between the carrying value of assets and liabilities in the balance sheet and their tax base.

Deferred taxes are calculated by the comprehensive method, which takes into account all temporary differences, irrespective of when the tax is expected to be recovered or settled.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability settled based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

Deferred tax liabilities and assets are offset at the level of each consolidated entity. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the temporary difference will be utilized in the foreseeable future.

Deferred taxes are recognized as tax income or expense in the income statement, except for deferred taxes relating to unrealized gains or losses on available-for-sale assets and to changes in the fair value of derivatives used as cash flow hedges, which are taken to equity.

4.12 Insurance businesses

Financial assets and liabilities of insurance businesses are recognized in accordance with the provisions of IAS 39. They are classified into categories defined by this standard, which calls for specific approaches to measurement and accounting treatment.

Pending amendments to IFRS 4, insurance liabilities continue to be measured broadly in line with French GAAP.

In accordance with Phase I of IFRS 4, insurance contracts are classified into three categories:

- contracts that expose the insurer to a significant insurance risk within the meaning of IFRS 4: this category comprises policies covering personal risk insurance, pensions, property and casualty insurance, and unit-linked savings policies carrying a minimum guarantee. These contracts will continue to be measured under the rules provided under local GAAP for measuring technical reserves;
- financial contracts such as savings schemes that do not expose the insurer to a significant insurance risk are recognized in accordance with IFRS 4 if they contain a discretionary participation feature, and will continue to be measured in accordance with the rules for measuring technical reserves provided under local GAAP;
- financial contracts without a discretionary participation feature such as contracts invested exclusively in units of accounts and without a minimum guarantee, are accounted for in accordance with IAS 39.

Most financial contracts issued by Group entities contain discretionary participation features.

The discretionary participation feature grants life insurance policyholders the right to receive a share in the financial income realized, in addition to guaranteed benefits. For these contracts, in accordance with shadow accounting principles defined by IFRS 4, the provision for deferred policyholders' participation is adjusted to include the policyholders' share in the unrealized gains or losses on financial instruments measured at fair value in application of IAS 39. The share in the gains of losses attributable to policyholders is determined on the basis of the characteristics of contracts likely to generate such gains or losses.

Any change in deferred policyholders' participation is taken to equity for changes in the value of available-for-sale financial assets and to profit or loss for changes in the value of financial assets at fair value through profit or loss.

At each balance sheet date, the Group assesses whether its' recognized insurance liabilities are adequate, based on the estimated present value of future cash flows from its insurance contracts and investment contracts containing a discretionary participation feature. The liability adequacy test shows the economic value of the liabilities corresponding to the average derived from stochastic analyses. If the sum of the surrender value and deferred policyholders' participation is lower than the fair value of the technical reserves, the shortfall is recognized against income.

4.13 Real estate businesses

Revenues from the real estate business are derived from real estate development activities in the residential and commercial sectors and from related services.

Projects in progress as of the balance sheet date are recognized on a percentage of completion basis in line with the latest operating budgets.

When the outcome of a project cannot be reliably estimated, revenues are only recognized to the extent of costs incurred as revenue that are expected to be fully recoverable.

Operating margins include all project-related costs:

- land acquisition;
- site preparation and construction;
- planning taxes (*taxes d'urbanisme*);
- preliminary surveys (these are only charged to the project if the win probability is high);
- internal project management fees;
- project-related marketing costs (internal and external sales commissions, advertising expenses, on-site sales office, etc.).

Inventories and work in progress comprise land measured at cost, work in progress (site preparation and construction costs) and deliverables measured at prime cost. Borrowing costs are not included in inventories.

Preliminary surveys commissioned in the pre-development phase are only charged to the project if there is a high probability that the project will actually go ahead. If this is not the case, these costs are expensed to the period.

When the net realizable value of inventories and work in progress is less than their cost, a provision for impairment loss is recognized.

4.14 Determination of the fair value disclosed in the notes to the financial statements

The principles used to determine the fair value of financial instruments carried in the balance sheet at fair value are described in Note 4.2.5.

Financial instruments not carried at fair value in the balance sheet are measured using best-estimate models incorporating certain assumptions as of the balance sheet date.

The carrying amount of assets and liabilities is deemed to be their market value in the following cases:

- floating-rate assets and liabilities where changes in interest rate do not have a material impact on fair value and where credit risk sensitivity is immaterial for the period;
- current financial assets and liabilities (with an initial term of one year or less), where interest-rate risk sensitivity and credit risk sensitivity are immaterial for the period;
- liabilities repayable on demand;
- regulated products, particularly regulated savings products, where prices are set by State authorities.

Fair value of the loan portfolio

The fair value of loans is determined using in-house valuation models that discount future principal and interest repayments to present value over the remaining term of the loan at the monthly interest rate for like loans with similar maturities. Early repayment options are factored into the model via an adjustment to loan repayment schedules.

Fair value of debt

In the absence of an active market, the fair value of non-current fixed-rate debt owed to credit institutions and customers is deemed to be equal to the present value of future cash flows discounted at the market rate of interest as of the balance sheet date.

Fair value of investment property

The fair value of investment property is based on expert appraisals.

The most important property assets are appraised annually, while other property is appraised on a regular or as-needed basis if a particular event has a material impact on the value of an asset.

Note 5 Notes to the consolidated balance sheet

5.1 Financial assets and liabilities at fair value through profit or loss

Financial assets and liabilities at fair value through profit or loss comprise instruments held for trading, including derivatives, and certain assets and liabilities that the Group has chosen to recognize at fair value, as of their date of acquisition or issue, using the fair value option available under IAS 39.

Financial assets in the trading portfolio mainly include proprietary securities transactions, repurchase agreements and derivative instruments contracted by the Group to manage its risk exposure.

Financial liabilities in the trading portfolio include securities borrowing and short-selling transactions, repurchase agreements and derivative instruments.

5.1.1 Financial assets at fair value through profit or loss

	12/31/2008			12/31/2007		
In millions of euros	Trading book	Fair value option	Total	Trading book	Fair value option	Total
Treasury bills and similar securities	6,740	258	6,998	6,286	233	6,519
Bonds and other fixed-income securities	8,215	5,388	13,603	16,701	8,511	25,212
Fixed-income securities	**14,955**	**5,646**	**20,601**	**22,987**	**8,744**	**31,731**
Equities and other variable-income securities	**6,497**	**4,503**	**11,000**	**11,548**	**2,727**	**14,275**
Loans to credit institutions	397	132	529	1,683	229	1,912
Loans to customers	725	8,164	8,889	1,075	6,532	7,607
Loans	**1,122**	**8,296**	**9,418**	**2,758**	**6,761**	**9,519**
Repurchase agreements	**0**	**3,847**	**3,847**	**0**	**1,885**	**1,885**
Trading derivatives	**65,857**		**65,857**	**25,714**		**25,714**
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	**88,431**	**22,292**	**110,723**	**63,007**	**20,117**	**83,124**

In 2008, in application of the amendment to IAS 39, financial assets held for trading in the amount of €4,438 million were reclassified into other categories.

Explanation of the classification of financial assets designated at fair value through profit or loss

In millions of euros	Accounting mismatches	Fair value measurement	Embedded derivatives	**Financial assets designated at fair value**
Fixed-income securities	3,655	1,308	683	5,646
Equities and other variable-income securities	2,299	2,147	57	4,503
Loans and repurchase agreements	58	4,204	7,881	12,143
TOTAL	**6,012**	**7,659**	**8,621**	**22,292**

Financial assets accounted for under the fair value option mainly concern assets containing embedded derivatives, such as certain structured loans to local authorities, bonds hedged by a structured swap not designated as a hedging instrument, or fixed-income instruments index-linked to a credit risk.

In connection with Natixis' capital markets activities, the use of the fair value option has mainly helped to avoid accounting mismatches between an asset (or group of assets) and a liability (or group of liabilities) having a perceived economic relationship. This is particularly the case between an asset and a hedging derivative when the conditions for hedge accounting are not met. Groups of financial assets and financial liabilities managed and measured on a fair value basis in connection with these same activities are also accounted for under the fair value option.

Loans and receivables designated at fair value through profit or loss and credit risk

	Credit risk exposure		Change in fair value attributable to credit risk	
In millions of euros	**12/31/2008**	12/31/2007	Period	Cumulative
Loans to credit institutions	132	229	0	0
Loans to customers	8,164	6,532	0	0
TOTAL	**8,296**	**6,761**	**0**	**0**

Loans and receivables designated at fair value through profit or loss are not generally hedged through the purchase of protection.

5.1.2 Financial liabilities at fair value through profit or loss

In millions of euros	**12/31/2008**	12/31/2007
Short selling of securities	284	305
Repurchase agreements	8,551	11,286
Other financial liabilities	496	672
Financial liabilities held for trading	**9,331**	**12,263**
Trading derivatives	**65,400**	**24,922**
Interbank term accounts and loans	408	158
Customer term accounts and loans	1,220	1,545
Debt securities	22,888	23,589
Subordinated debt	24	117
Repurchase agreements	2,242	1,179
Other financial liabilities	9	0
Financial liabilities designated at fair value through profit or loss	**26,791**	**26,588**
TOTAL FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	**101,522**	**63,773**

Explanation of the classification of financial liabilities designated at fair value through profit or loss

In millions of euros	Accounting mismatches	Fair value measurement	Embedded derivatives	**Financial liabilities designated at fair value**
Interbank term accounts and loans	274	79	55	408
Customer term accounts and loans	1,024	66	130	1,220
Debt securities	13,212	3,686	5,990	22,888
Subordinated debt	0	0	24	24
Repurchase agreements and other financial liabilities	0	2,251	0	2,251
TOTAL	**14,510**	**6,082**	**6,199**	**26,791**

Financial liabilities accounted for under the fair value option mainly consist of structured debt issues containing embedded derivatives. Most of these transactions are handled by Natixis and Crédit Foncier.

In connection with Natixis' capital markets activities, the use of the fair value option has mainly helped to avoid accounting mismatches between an asset (or group of assets) and a liability (or group of liabilities) having a perceived economic relationship. This is particularly the case between an asset and a hedging derivative when the conditions for hedge accounting are not met.

Financial liabilities designated at fair value through profit or loss and credit risk

In millions of euros	Carrying amount 12/31/2008	Carrying amount 12/31/2007	Contractual amount due at maturity 12/31/2008	Contractual amount due at maturity 12/31/2007	Difference between carrying value and contractual amount due at maturity 12/31/2008	Difference between carrying value and contractual amount due at maturity 12/31/2007
Interbank term accounts and loans	408	158	408	158	0	0
Customer term accounts and loans	1,220	1,545	1,368	1,558	(148)	(13)
Debt securities	22,888	23,589	23,299	23,726	(411)	(137)
Subordinated debt	24	117	36	182	(12)	(65)
Repurchase agreements and other financial liabilities	2,251	1,179	2,252	1,179	(1)	0
TOTAL	**26,791**	**26,588**	**27,363**	**26,803**	**(572)**	**(215)**

The amount contractually due on loans upon maturity includes the outstanding amount of the principal as of the balance sheet date as well as the accrued interest not yet due. In the case of securities, the redemption value is generally used.

As of December 31, 2008, the difference attributable to own credit risk (valuation of the issuer spread) amounted to €394 million, including a positive impact on net banking income for the period of €383 million.

This revaluation relates to the issues carried out by Natixis and by Compagnie de Financement Foncier.

5.1.3 Trading derivatives

The notional amounts of derivative instruments are merely an indication of the volume of the Group's activities in financial instruments markets, and do not reflect the market risks associated with such instruments. The positive and negative fair values represent the cost of replacing these instruments, which may fluctuate significantly in response to changes in market data.

	12/31/2008			12/31/2007		
In millions of euros	Notional amount	Positive fair value	Negative fair value	Notional amount	Positive fair value	Negative fair value
Interest rate	1,768,909	35,364	36,524	1,585,894	14,988	14,331
Equity	1,199	9	31	6,301	18	55
Currency	226,497	6,029	6,455	177,799	3,148	3,502
Other	58,334	50	870	59,722	52	767
Futures	**2,054,939**	**41,452**	**43,880**	**1,829,716**	**18,205**	**18,655**
Interest rate	532,618	875	1,052	634,029	582	661
Equity	30,310	2,367	1,676	38,683	2,186	2,021
Currency	59,602	1,077	1,167	56,865	351	359
Other	16,413	1,174	255	12,473	814	64
Options	**638,943**	**5,493**	**4,150**	**742,050**	**3,933**	**3,105**
Credit derivatives	**303,307**	**18,912**	**17,370**	**292,339**	**3,576**	**3,162**
TOTAL TRADING DERIVATIVES	**2,997,189**	**65,857**	**65,400**	**2,864,104**	**25,714**	**24,922**

5.2 Hedging derivatives

To qualify for hedge accounting, derivatives must comply with the conditions set out under IAS 39 from inception through to the unwinding of the hedge. In particular, the effectiveness of the hedge must be demonstrated and documented on both a prospective and retrospective basis.

Fair value hedges mainly consist of interest rate swaps that protect fixed-rate financial instruments against changes in fair value attributable to changes in market rates of interest. They transform fixed-rate assets or liabilities into floating-rate instruments and include mostly hedges of fixed-rate loans, borrowings, securities, deposits and subordinated debt. Fair value hedging is also used by the individual Caisses d'Epargne to manage their overall interest rate risk position.

Cash flow hedges protect against the variability in cash flows on floating-rate instruments. Natixis uses cash flow hedges mainly to manage its overall interest rate risk position. They are also used to hedge floating-rate loans, borrowings and deposits.

	12/31/2008			12/31/2007		
In millions of euros	Notional amount	Positive fair value	Negative fair value	Notional amount	Positive fair value	Negative fair value
Interest rate	310,017	5,401	4,284	264,630	2,330	2,513
Currency	23,274	1,565	2,968	18,999	295	1,790
Other	0	0	0	0	23	37
Futures	***333,291***	***6,966***	***7,252***	***283,629***	***2,648***	***4,340***
Interest rate	7,350	163	0	2,919	61	1
Equity	0	0	0	0	1	0
Options	***7,350***	***163***	***0***	***2,919***	***62***	***1***
Fair value hedges	**340,641**	**7,129**	**7,252**	**286,548**	**2,710**	**4,341**
Interest rate	17,432	84	176	27,595	106	56
Currency	0	0	0	30	0	0
Futures	***17,432***	***84***	***176***	***27,625***	***106***	***56***
Interest rate	599	7	3	870	25	0
Options	***599***	***7***	***3***	***870***	***25***	***0***
Cash flow hedges	**18,031**	**91**	**179**	**28,495**	**131**	**56**
Credit derivatives	**977**	**137**	**0**	**525**	**0**	**0**
TOTAL HEDGING DERIVATIVES	**359,649**	**7,357**	**7,431**	**315,568**	**2,841**	**4,397**

5.3 Available-for-sale financial assets

These are non-derivative financial assets that are not classified at fair value through profit or loss, held to maturity, or as loans and receivables.

In millions of euros	**12/31/2008**	12/31/2007
Treasury bills and similar securities	214	297
Bonds and other fixed-income securities	29,270	36,885
Fixed-income securities	**29,484**	**37,182**
Equities and other variable-income securities	**7,835**	**18,040**
Loans to credit institutions	5	2
Loans to customers	38	171
Loans	**43**	**173**
Doubtful loans and receivables	**398**	**116**
Available-for-sale financial assets, gross	**37,760**	**55,511**
Impairment of doubtful receivables	(291)	(76)
Permanent impairment of equities and other variable-income securities	(768)	(452)
TOTAL AVAILABLE-FOR-SALE FINANCIAL ASSETS	**36,701**	**54,983**
Unrealized gains or losses on available-for-sale financial assets (before tax)	**(805)**	**1,223**

Impairment losses are recognized for available-for-sale financial assets whenever the Group considers that its investment may not be recovered. For variable-income instruments quoted in an active market, a price decline in excess of 30% over a six-month period constitutes an indication of an impairment loss. The amount of unrealized losses relating to variable-income instruments with indications of impairment but for which impairment was not recognized due to the likelihood of recovery of the initial investment is not material.

In 2008, in application of the amendment to IAS 39, financial assets in the amount of €523 million were reclassified into the category "Available-for-sale financial assets" and available-for-sale financial assets in the amount of €13,395 million were reclassified into the category "Loans and receivables".

5.4 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Most loans originated by the Group are classified in this category.

5.4.1 Loans and receivables due from credit institutions

In millions of euros	**12/31/2008**	12/31/2007
Current accounts	98,648	96,980
Overnight deposits and loans	2,757	1,183
Repurchase agreements	36	747
Amounts due from credit institutions - repayable on demand	**101,441**	**98,910**
Term deposits and loans	18,260	17,212
Repurchase agreements	9,532	22,294
Subordinated and participating loans	870	824
Amounts due from credit institutions - repayable at agreed maturity dates	**28,662**	**40,330**
Finance leases	**38**	**73**
Securities classified as loans and receivables	**4,190**	**972**
Doubtful loans and receivables	**261**	**21**
Loans and receivables due from credit institutions, gross	**134,592**	**140,306**
Impairment	(210)	(52)
TOTAL LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS	**134,382**	**140,254**

"Impairment" covers provisions calculated on an individual basis as well as portfolio-assessed provisions.

The fair value of loans and receivables due from credit institutions was €135,068 million as of December 31, 2008 and €140,357 million as of December 31, 2007.

Funds collected on the Livret A savings accounts, centralized by Caisse des Dépôts, and included under "Current accounts" amounted to €80,132 million as of December 31, 2008 (€69,985 million as of December 31, 2007).

5.4.2 Loans and receivables due from customers

In millions of euros	12/31/2008	12/31/2007
Current accounts	**5,443**	**5,293**
Loans to financial institutions	2,540	2,882
Short-term credit facilities	33,061	29,530
Equipment loans	54,348	48,713
Home loans	132,696	124,529
Export credit	789	676
Other	13,285	12,252
Repurchase agreements	4,466	9,405
Subordinated loans	475	457
Other customer loans	**241,660**	**228,444**
Finance leases	**6,951**	**6,580**
Insurance-related receivables	**256**	**276**
Factoring	**2,329**	**2,090**
Securities classified as loans and receivables	**39,530**	**24,257**
Doubtful loans and receivables	**4,958**	**4,425**
Loans and receivables due from customers, gross	**301,127**	**271,365**
Impairment	(3,588)	(2,854)
TOTAL LOANS AND RECEIVABLES DUE FROM CUSTOMERS	**297,539**	**268,511**

"Impairment" covers provisions calculated on an individual basis as well as portfolio-assessed provisions.

The fair value of loans and receivables due from customers was €295,494 million as of December 31, 2008 and €267,187 million as of December 31, 2007.

In 2008, in application of the amendment to IAS 39, financial assets in the amount of €17,310 million were reclassified into the category "Loans and receivables due from customers".

5.5 Amounts due to credit institutions and customers

These liabilities, which are not classified as financial liabilities at fair value through profit or loss, are carried at amortized cost under "Amounts due to credit institutions" or "Amounts due to customers". They are shown in the balance sheet according to their nature, taking into account demand or term features.

5.5.1 Amounts due to credit institutions

In millions of euros	12/31/2008	12/31/2007
Demand deposits	14,128	21,864
Repurchase agreements	431	1,158
Accrued interest	29	20
Amounts due to credit institutions - repayable on demand	**14,588**	**23,042**
Term deposits and loans	50,058	29,573
Repurchase agreements	16,162	25,922
Accrued interest	500	444
Amounts due to credit institutions - repayable at agreed maturity dates	**66,720**	**55,939**
TOTAL AMOUNTS DUE TO CREDIT INSTITUTIONS	**81,308**	**78,981**

The fair value of amounts due to credit institutions was €81,381 million as of December 31, 2008 and €79,120 million as of December 31, 2007.

5.5.2 Amounts due to customers

In millions of euros	12/31/2008	12/31/2007
Current accounts	**34,785**	**35,181**
Demand accounts	4,600	2,334
Term accounts	17,634	17,047
Accrued interest	346	282
Other demand and term deposits	**22,580**	**19,663**
Livret A	80,669	69,694
Livret Jeune	1,862	1,850
Livret B	13,516	9,992
PEL	30,334	34,840
CEL	4,548	4,706
Livret de développement durable	9,103	8,028
PEP	2,217	2,495
Other	18,285	18,390
Accrued interest	210	368
Regulated savings accounts	**160,744**	**150,363**
Demand accounts	1,556	2,156
Term accounts	7,228	8,437
Accrued interest	30	53
Repurchase agreements	**8,814**	**10,646**
Insurance-related liabilities	**167**	**128**
Factoring	**646**	**589**
TOTAL AMOUNTS DUE TO CUSTOMERS	**227,736**	**216,570**

The fair value of amounts due to customers was €227,857 million as of December 31, 2008 and €216,571 million as of December 31, 2007.

5.6 Held-to-maturity financial assets

These are non-derivative financial assets with fixed or determinable payments that the Group has an intention and ability to hold to maturity.

In millions of euros	12/31/2008	12/31/2007
Treasury bills and similar securities	221	222
Bonds and other fixed-income securities	4,957	4,377
Held-to-maturity financial assets, gross	**5,178**	**4,599**
Impairment	0	0
TOTAL HELD-TO-MATURITY FINANCIAL ASSETS	**5,178**	**4,599**

The fair value of held-to-maturity financial assets was €5,252 million as of December 31, 2008 and €4,637 million as of December 31, 2007.

During the year, the Group reclassified available-for-sale financial assets in the amount of €542 million into the category "Held-to-maturity financial assets".

5.7 Reclassification of financial assets

In application of the amendments to IAS 39 and IFRS 7 *Reclassification of financial assets*, Groupe Caisse d'Epargne reclassified some of its financial assets.

The Group identified eligible financial assets meeting all of the criteria set forth in the amendment, namely:

- financial assets recorded in the trading portfolio or available for sale, satisfying the definition of loans and receivables that the Group now has the intention and the ability to hold for a foreseeable future or to maturity;
- or, under "rare circumstances", non-derivative financial assets included in the trading portfolio.

Groupe Caisse d'Epargne (excluding Natixis) decided to reclassify most of the financial assets in question as of July 1, 2008.

Nevertheless, some assets were reclassified into loans and receivables as of October 1, 2008 when the non-liquid nature of these securities could not be demonstrated prior to this date.

Moreover, Natixis reclassified some debt securities as of October 1, 2008 from the categories "Financial assets at fair value through profit or loss - Trading" and "Available-for-sale financial assets" into the category "Loans and receivables".

Most of the assets reclassified are securitization outstandings (U.S. and European RMBS), bonds, and securities issued worldwide by the public sector. These reclassifications are summarized in the table shown below:

In millions of euros Original portfolio	Reclassified into available-for-sale financial assets	Reclassified into loans and receivables	Total
Financial assets held for trading	523	3,915	4,438
Available-for-sale financial assets		13,395	13,395
Fair value as of the reclassification date	**523**	**17,310**	**17,833**
Net carrying amount as of December 31, 2008			19,342
Fair value as of December 31, 2008			18,337

Change in fair value

In millions of euros	Recorded between January 1, 2008 and the reclassification date	That would have been recorded between the reclassification date and December 31, 2008
Unrealized or deferred capital gains or losses	(303)	(707)
Income statement	(275)	(265)
Total	**(578)**	**(972)**

As of the reclassification date, the Group considered that it would be able to recover €24,565 million in cash flows on the reclassified financial assets and the average effective interest rate for these assets was 4%.

As of December 31, 2008, the net carrying amount of reclassified instruments was €19,342 million, after taking into account a revaluation increase of €1,287 million in the portfolio of hedged securities and changes in euro/U.S. dollar exchange rates.

5.8 Financial assets received as collateral and that can be sold or repledged

CNC Opinion No. 06-10 of June 30, 2006 defines collateral re-use operations as financial instruments received as collateral in financial guarantee agreements that provide for the collateral taker to re-use the collateral given.

The collateral giver retains substantially all the risks and rewards relating to the asset put up as collateral as the collateral taker has an obligation to return the asset to the giver. When full ownership is transferred, the collateral giver recognizes a receivable for the carrying amount of the transferred collateral. This receivable is recognized in the asset category in which the collateral was initially classified.

To date, Groupe Caisse d'Epargne has not entered into any material collateral re-use agreements.

5.9 Current and deferred tax assets and liabilities

In millions of euros	12/31/2008	12/31/2007
Current taxes	819	613
Deferred income on interest-free loans	130	75
Deferred taxes	2,901	1,248
TOTAL CURRENT AND DEFERRED TAX ASSETS	**3,850**	**1,936**
Current taxes	89	320
Deferred taxes	863	422
TOTAL CURRENT AND DEFERRED TAX LIABILITIES	**952**	**742**

Deferred tax assets and liabilities

Deferred taxes on temporary differences arise from the recognition of the items listed in the table below (positive figures indicate deferred tax assets, while negative figures in brackets represent deferred tax liabilities):

In millions of euros	12/31/2008	12/31/2007
Mutual fund valuation differences	(79)	123
Fiscal EIGs	(330)	(298)
Provisions for employee benefit obligations	220	229
Provisions on regulated home savings products	165	201
Other non-deductible provisions	1,171	794
Other temporary differences	214	82
Deferred taxes relating to temporary differences arising on the application of tax rules	**1,361**	**1,131**
Deferred taxes arising on the utilization of tax loss carryforwards	**1,479**	**391**
Changes in fair value of financial instruments recorded in equity	337	(282)
Other balance sheet valuation adjustments	(327)	(170)
Deferred taxes arising on the application of IFRS-compliant measurement criteria	**10**	**(452)**
Deferred taxes on consolidation adjustments and eliminations	**(342)**	**135**
Unrecognized deferred taxes	**(470)**	**(379)**
Net deferred tax assets	**2,038**	**826**
Deferred taxes recognized:		
- in assets	*2,901*	*1,248*
- in liabilities	*863*	*422*

Article 91 of the amended French Finance Act for 2008 extends the tax consolidation regime to networks of mutual banks. This new option is modeled on the tax consolidation for mutual insurers and takes into account consolidation criteria not based on ownership interest (the scheme is usually available if 95% of the share capital of a subsidiary is owned by a parent company).

During the 2009 fiscal year, Groupe Caisse d'Epargne will therefore set up a tax consolidation group, which will consist of:

- Caisse Nationale des Caisses d'Epargne, the central institution, which will become the parent company within the tax consolidation group;
- the individual Caisses d'Epargne;
- all subsidiaries in which the CNCE and the individual Caisses d'Epargne hold more than 95% of the share capital.

The creation of this tax consolidation group within Groupe Caisse d'Epargne resulted in the recognition of a deferred tax asset in the amount of €779 million as of December 31, 2008. This income item reflects the recognition of tax assets not previously booked for prior year tax losses and whose use is perceived as probable in connection with the new tax consolidation group.

5.10 Debt securities and subordinated debt

Debt securities are classified based on the nature of the underlying, with the exception of subordinated notes presented under "Subordinated debt".

5.10.1 Debt securities

In millions of euros	**12/31/2008**	12/31/2007
Retail certificates of deposit	459	511
Interbank and money market securities and certificates of deposit	39,430	45,161
Bonds	115,579	114,636
Other debt securities	53	315
Accrued interest	2,661	2,843
TOTAL DEBT SECURITIES	**158,182**	**163,466**

The fair value of debt securities was €153,732 million as of December 31, 2008 and €163,520 million as of December 31, 2007.

5.10.2 Subordinated debt

Subordinated debt is classified separately from issues of other debt and bonds because in the event of default, holders of subordinated debt rank after all senior debt holders.

Based on an analysis of the contractual documentation relating to subordinated notes, the Group has classified these instruments as debt, since the contracts contain a clause providing for mandatory interest payments.

In millions of euros	**12/31/2008**	12/31/2007
Term subordinated debt	7,695	7,601
Perpetual subordinated debt	56	46
Perpetual deeply subordinated debt	5,701	3,692
Accrued interest	244	229
TOTAL SUBORDINATED DEBT	**13,696**	**11,568**

The fair value of subordinated debt was €12,304 million as of December 31, 2008 and €11,495 million as of December 31, 2007.

Term subordinated debt essentially comprises redeemable subordinated notes.

Perpetual deeply subordinated debt includes hybrid Tier-1 instruments issued by the CNCE since 2003.

Issue date	Issue price	Currency	Amount *(in original currency, millions)*	Call option or step-up date	Interest rate	Step up *(in basis points)*	**12/31/2008** *(in millions of euros)*
11/26/2003	99.470%	EUR	800	July 2014 (1)	5.250%	184 (2)	800
07/30/2004	100%	USD	200	December 2009 (1)	Min (CTMAT10Y + 0.3%; 9%)	None	142
10/06/2004	99.682%	EUR	700	July 2015 (1)	4.625%	153 (2)	700
10/12/2004	100%	EUR	80	October 2009 (1)	Min (Euribor 3M; 7%)	None	80
01/27/2006	100%	USD	300	January 2012 (1)	6.750%	None	213
02/01/2006	99.922%	EUR	350	February 2016 (1)	4.750%	135 (2)	350
10/30/2007	100%	EUR	850	October 2017 (1)	6.117%	237 (2)	850
12/11/2008	100%	EUR	1,100	(1)	8.490%		1,100
TOTAL							**4,235**

(1) Hybrid issues considered as Tier-1 with the approval of the French Banking Commission.
(2) In excess of 3-month Euribor.

In June 2006, the Caisse Nationale des Caisses d'Epargne issued deeply subordinated notes underwritten by the individual Caisses d'Epargne with the following characteristics:

- all newly issued notes have a *pari passu* ranking and also rank *pari passu* with all of the issuer's other deeply subordinated notes;
- interest must be paid if a profit is recorded at the end of the period, regardless of whether any dividend has been distributed. Therefore, as the payment of interest is not subject to the issuer's discretion and there is a contractual obligation to deliver cash or another financial asset to the holder, the notes qualify as a borrowing under IFRS.

Other issues contain a dividend pusher clause that requires the issuer to pay interest if it has paid out dividends on ordinary shares or any other equity instruments, or if it has paid interest on any *pari passu*-ranked instrument. The payment of interest is therefore subordinated to the obligation to pay interest on another linked debt instrument. As the contractual relationship between the instruments and the contractual obligation to pay interest on the linked instrument issued in June 2006 create an obligation to pay interest on these other issues, they have been classified as debt.

In the fourth quarter of 2008, the CNCE issued €1.1 billion in deeply subordinated notes subscribed by a State-owned investment company under the first phase of the French economic stimulus plan.

5.11 Accrual accounts and other assets and liabilities

Accrual items and other assets and liabilities correspond to technical accounts which are broken down below:

5.11.1 Accrued income and other assets

In millions of euros	**12/31/2008**	12/31/2007
Prepaid expenses	265	245
Accrued income	880	937
Other accruals	9,110	11,673
Accrual accounts - assets	**10,255**	**12,855**
Securities settlement accounts	594	964
Reinsurers' share of technical reserves	243	203
Other insurance-related assets	447	304
Other debtors	15,019	10,526
Other assets	**16,303**	**11,997**
TOTAL ACCRUED INCOME AND OTHER ASSETS	**26,558**	**24,852**

"Other debtors" include real estate development projects in progress totaling €1,556 million as of December 31, 2008 and €1,314 million as of December 31, 2007.

5.11.2 Accrued expenses and other liabilities

In millions of euros	**12/31/2008**	12/31/2007
Accounts payable	1,605	1,445
Unearned income	1,632	1,529
Items in the course of collection	5,427	4,939
Other accruals	2,840	3,625
Accrual accounts - liabilities	**11,504**	**11,538**
Securities settlement accounts	1,117	1,149
Other liabilities	11,463	10,511
Other liabilities	**12,580**	**11,660**
TOTAL ACCRUED EXPENSES AND OTHER LIABILITIES	**24,084**	**23,198**

5.12 Investments in associates

The Group's main investments in associates are as follows:

	12/31/2008			12/31/2007		
In millions of euros	Value of investments in associates on the consolidated balance sheet	o/w goodwill	Share in net income/ (loss) of associates	Value of investments in associates on the consolidated balance sheet	o/w goodwill	Share in net income / (loss) of associates
Banques Populaires	1,722	12	77	1,632	12	93
CNP Assurances	1,154		104	1,369		181
Crédit Immobilier Hotelier	167	102	15	143	101	9
Investments in the Nexity group	20	15		85	70	5
Investments in the Natixis group	45		13	36		6
Maisons France Confort PI	94	61	4			
Other	91	3	(2)	103	5	9
TOTAL	**3,293**	**193**	**211**	**3,368**	**188**	**303**

The financial data published by the Group's main investments in associates are as follows:

In millions of euros	Balance sheet total as of 12/31/2008	Net banking income or revenues in 2008	Net income in 2008
Banques Populaires (aggregated results)	207,285	5,698	1,025
CNP Assurances	269,565	28,322	731

5.13 Property, plant and equipment and intangible assets

5.13.1 Investment property

In millions of euros	**Investment property**
Gross value as of January 1, 2008	**2,043**
Acquisitions	175
Disposals/retirements	(125)
Other movements (1)	249
Gross value as of December 31, 2008	**2,342**
Accumulated depreciation and impairment as of January 1, 2008	**(416)**
Additions	(129)
Reversals	57
Other movements (1)	(47)
Accumulated depreciation and impairment as of December 31, 2008	**(535)**
Carrying amount as of December 31, 2008	**1,807**
Carrying amount as of January 1, 2008	1,627

(1) Including changes in Group structure and exchange rates.

The fair value of investment property was €2,214 million as of December 31, 2008 and €1,991 million as of December 31, 2007.

5.13.2 Property, plant and equipment

In millions of euros	Land and buildings	Equipment, furniture and other property, plant and equipment	**Total property, plant and equipment**
Gross value as of January 1, 2008	**2,330**	**3,651**	**5,981**
Acquisitions	178	273	451
Disposals/retirements	(173)	(186)	(359)
Other movements (1)	473	(448)	25
Gross value as of December 31, 2008	**2,808**	**3,290**	**6,098**
Accumulated depreciation and impairment as of January 1, 2008	**(849)**	**(2,300)**	**(3,149)**
Additions	(97)	(284)	(381)
Reversals	79	161	240
Other movements (1)	(227)	335	108
Accumulated depreciation and impairment as of December 31, 2008	**(1,094)**	**(2,088)**	**(3,182)**
Carrying amount as of December 31, 2008	**1,714**	**1,202**	**2,916**
Carrying amount as of January 1, 2008	1,481	1,351	2,832

(1) Including changes in Group structure and exchange rates.

5.13.3 Intangible assets

In millions of euros	Leasehold rights	Software	Other intangible assets	**Total intangible assets**
Gross value as of January 1, 2008	**193**	**706**	**228**	**1,127**
Acquisitions	7	124	25	156
Disposals/retirements	(2)	(54)	(13)	(69)
Other movements [(1)]	(24)	35	254	265
Gross value as of December 31, 2008	**174**	**811**	**494**	**1,479**
Accumulated depreciation and impairment as of January 1, 2008	**(49)**	**(492)**	**(119)**	**(660)**
Additions	(2)	(95)	(24)	(121)
Reversals	0	38	1	39
Other movements [(1)]	13	(27)	14	0
Accumulated depreciation and impairment as of December 31, 2008	**(38)**	**(576)**	**(128)**	**(742)**
Carrying amount as of December 31, 2008	**136**	**235**	**366**	**737**
Carrying amount as of January 1, 2008	144	214	109	467

(1) Including changes in Group structure and exchange rates.

The allocation of goodwill relating to Nexity and Meilleurtaux resulted in the recognition under "Other intangible assets" of the Nexity and Meilleurtaux trade names in the amounts of €130 million and €40 million, respectively.

5.14 Goodwill

In millions of euros	**12/31/2008**	12/31/2007
Gross book value at start of year	**3,401**	**2,199**
Acquisitions and adjustments	305	1,282
Disposals	0	(45)
Translation adjustments	20	(43)
Other changes	(75)	8
Gross book value at end of year	**3,651**	**3,401**
Cumulative impairment losses at end of year	(804)	(41)
Carrying amount at end of period	**2,847**	**3,360**

Breakdown of the main items of goodwill

	Carrying amount	
In millions of euros	**12/31/2008**	12/31/2007
Natixis group	1,130	1,822
- Corporate and investment banking	*0*	*666*
- Asset management	*521*	*550*
- Services	*346*	*359*
- Receivables management	*176*	*167*
- Private equity and private banking	*87*	*80*
Nexity group	1,237	1,085
Banque Palatine group	177	177
Océor group	159	74
- Banque Tuniso-Koweitienne	*102*	*0*
- Banque de la Réunion	*16*	*39*
- Océorane	*15*	*15*
- BCP Luxembourg	*14*	*14*
- Banque de Tahiti	*7*	*1*
- Banque de Nouvelle Calédonie	*5*	*5*
Meilleurtaux	63	115
Crédit Foncier	30	40
- Banco Primus	*30*	*0*
- CFF	*0*	*5*
- Cicobail	*0*	*1*
- Locindus	*0*	*34*
Other	51	47
TOTAL	**2,847**	**3,360**

In accordance with applicable regulations, each goodwill item was tested for impairment, in accordance with regulations in force, based on the value in use of the CGU with which it is associated.

The determination of value in use is based on the present value of the CGU's future cash flows under medium-term plans drawn up as part of the Group's budget process. The following assumptions were used:

Main entities/CGUs	Consolidation method [1]	Cost of capital	Weighted average cost of capital	Long-term growth rate
Natixis				
- Corporate and investment banking	*DDM*	*13.0%*		*2.5%*
- Asset management	*DDM*	*9.5%*		*2.5%*
- Investor services	*DDM*	*9.5%*		*2.5%*
- Receivables management	*DDM*	*9.5%*		*2.5%*
- Private equity and private banking	*RNA/DDM*	*9.5%*		*2.5%*
Nexity	DCF		7.4%	2.5%
Banque Palatine	DDM	9.0%		2.5%
Banque Tuniso-Koweitienne	DDM	11.4%		4.0%
Meilleurtaux	DCF		10.7%	2.5%

(1) DDM: Discounted dividend method.
RNA: Revalued net assets.
DCF: Discounted cash flows.

A 1-point increase in the discount rate used for the valuation of the Natixis CGUs Asset Management, Investor Services, Receivables Management, and Private Equity/Private Banking (discount rate of 10.5% instead of 9.5%) would not result in the recognition of any additional impairment.

5.15 Technical reserves of insurance companies

In millions of euros	**12/31/2008**	12/31/2007
Technical reserves of non-life insurance companies	**1,225**	**1,224**
Life (euros)	9,539	9,145
Life (unit-linked)	1,777	2,139
Technical reserves of life insurance companies	**11,316**	**11,284**
Deferred policyholders' participation	**1**	**227**
TOTAL TECHNICAL RESERVES OF INSURANCE COMPANIES	**12,542**	**12,735**

Technical reserves of non-life insurance companies include unearned premium reserves and outstanding claims reserves.

Technical reserves of life insurance companies mainly comprise mathematical reserves, which generally correspond to the surrender value of contracts.

Technical reserves for financial contracts issued by insurance companies are mathematical reserves measured on the basis of the underlying assets of these contracts.

The deferred policyholders' participation represents the portion of profit arising from participating insurance contracts in the form of a cumulative amount allocated to policyholders as a class and not yet distributed to individual policyholders.

6

Deferred policyholders' participation (shadow accounting)

In millions of euros	**12/31/2008**	12/31/2007
Deferred policyholders' participation - assets	(331)	0
Deferred policyholders' participation - liabilities	1	227
Net deferred policyholders' participation	**(330)**	**227**
o/w deferred policyholders' participation recognized in equity	*(315)*	*131*

5.16 Provisions

Provisions chiefly concern employee benefit obligations and risks on regulated home savings products.

In millions of euros	12/31/2007	Additions	Reversals	Utilizations	Other movements (1)	**12/31/2008**
Employee benefit obligations	**755**	**56**		**(52)**	**3**	**762**
Provision on regulated home savings products	586	2		(62)	(1)	525
Provisions for off-balance sheet commitments	135	273	(116)	(6)	92	378
Provisions for contingencies on real estate development projects	103	32		(34)	9	110
Provisions for restructuring costs	114	99	(18)	(29)	(25)	141
Provisions for claims and litigation	298	119	(84)	(17)	(32)	284
Other	449	220	(117)	(95)	26	483
Other	**1,685**	**745**	**(335)**	**(243)**	**69**	**1,921**
TOTAL PROVISIONS	**2,440**	**801**	**(335)**	**(295)**	**72**	**2,683**

(1) Including changes in Group structure and exchange rates.

5.16.1 Deposits held in regulated home savings products

In millions of euros	**12/31/2008**	12/31/2007
Deposits held in regulated home savings plans for less than 4 years	5,780	18,926
Deposits held in regulated home savings plans for more than 4 years and less than 10 years	16,365	5,341
Deposits held in regulated home savings plans for more than 10 years	8,189	10,573
Deposits held in regulated home savings plans	**30,334**	**34,840**
Deposits held in regulated home savings accounts	**4,548**	**4,706**
TOTAL DEPOSITS HELD IN REGULATED HOME SAVINGS PRODUCTS	**34,882**	**39,546**

5.16.2 Loans granted under regulated home savings products

In millions of euros	**12/31/2008**	12/31/2007
Loans granted under regulated home savings plans	627	523
Loans granted under regulated home savings accounts	854	870
TOTAL OUTSTANDING LOANS ON REGULATED HOME SAVINGS PRODUCTS	**1,481**	**1,393**

5.16.3 Provisions on regulated home savings products

In millions of euros	12/31/2007	Net additions/ reversals	**12/31/2008**
Provisions on regulated home savings plans held more than 10 years	447	(68)	379
Provisions on regulated home savings plans	**447**	**(68)**	**379**
Provisions on regulated home savings accounts	**107**	**0**	**107**
Provisions on loans granted under regulated home savings plans	10	5	15
Provisions on loans granted under regulated home savings accounts	22	2	24
Provisions on loans granted under regulated home savings products	**32**	**7**	**39**
TOTAL PROVISIONS ON REGULATED HOME SAVINGS PRODUCTS	**586**	**(61)**	**525**

5.17 Information on equity

5.17.1 Members' shares and cooperative investment certificates

As of December 31, 2008, Groupe Caisse d'Epargne's share capital consisted of:

- €3,946 million in members' shares subscribed by local savings companies (€3,302 million as of December 31, 2007);
- €634 million in cooperative investment certificates held by Natixis (net of the Group's own 35.78% holding). Cooperative investment certificates amounted to €539 million as of December 31, 2007 (net of the Group's 34.66% holding).

Additional paid-in capital as of December 31, 2008 was comprised of:

- €3,267 million in connection with members' shares subscribed by local savings companies (€2,243 million as of December 31, 2007);
- €1,720 million in connection with cooperative investment certificates held by Natixis (net of the Group's own 35.78% holding). Additional paid-in capital in the amount of €1,750 million was recognized in connection with cooperative investment certificates as of December 31, 2007 (net of the Group's 34.66% holding).

5.17.2 Regulatory capital management and compliance with regulatory ratios

Regulatory capital management

Groupe Caisse d'Epargne's Capital Management teams are responsible for all matters related to regulatory capital, including work on the quantification of internal capital requirements (economic capital) as well as the prospective monitoring of regulatory ratios for the Group and its affiliated entities. The responsibilities of the Capital Management teams are described in further detail in the risk management report.

In 2008, as a result of regulatory developments prompted by the transition to Basel II, the method of allocating capital across the Group changed considerably and the level of regulatory capital was significantly increased.

Capital transactions

In 2008, the individual Caisses d'Epargne increased their regulatory capital through the issue of €645 million in members' shares and €165 million in cooperative investment certificates.

In the fourth quarter of 2008, the CNCE issued €1.1 billion in deeply subordinated notes subscribed by a State-owned investment company under the first phase of the French economic stimulus plan.

Regulatory capital

Groupe Caisse d'Epargne is required to comply with prudential rules established by French regulatory bodies, pursuant to the transposition into French law of European Directives 2006/49/EC on the capital adequacy of investment firms and credit institutions and 2002/87/EC on financial conglomerates.

Since January 1, 2008, the method used for calculating the solvency ratio under Basel II has been defined by the Ministerial Order of February 20, 2007 as total regulatory capital divided by the sum of the following two items:

- capital requirements for credit risk determined using the standardized approach or the internal ratings based (IRB) approach, depending on the Group entity concerned;
- capital requirements for the prudential supervision of market risk and operational risk.

Regulatory capital is determined in accordance with CRBF Regulation 90-02 of February 23, 1990 relating to capital.

In millions of euros	**12/31/2008 Basel II**	12/31/2007 Basel I
Equity attributable to equity holders of the parent	16,564	20,573
Minority interests	1,759	1,698
Issues of hybrid Tier-1 instruments	5,504	3,767
Prudential restatements (including goodwill and intangible assets)	(2,899)	(5,671)
Tier-1 capital before deductions	**20,928**	**20,367**
Tier-2 capital before deductions	**7,385**	**7,824**
Capital deductions	**(6,200)**	**(4,006)**
o/w deductions from Tier-1 capital	(2,334)	
o/w deductions from Tier-2 capital	(2,334)	
o/w capital deductions	(1,532)	
REGULATORY CAPITAL	**22,113**	**24,185**

Regulatory capital is divided into two categories, each of which involves a certain number of deductions.

Core (or Tier-1) capital corresponds to the Group's consolidated shareholders' equity, excluding unrealized or deferred gains or losses, plus minority interests and issues of hybrid Tier-1 instruments (chiefly perpetual subordinated notes), less goodwill and intangible assets.

Specific ceilings have been established for certain components of Tier-1 capital. In particular, hybrid instruments, minority interests and preferred shares taken together may not account for more than 50% of Tier-1 capital.

Supplementary (or Tier-2) capital is divided into two sub-categories:

- upper Tier-2 capital, which comprises perpetual subordinated debt and certain other financial instruments;
- lower Tier-2 capital, which notably includes long-term subordinated debt and some preference shares.

  A discount of 20% is applied to all subordinated debt instruments with a maturity of less than five years.

Tier-2 capital is only taken into account up to a limit of 100% of the amount of Tier-1 capital. The total amount of lower Tier-2 capital that may be included in Tier-2 capital may not exceed 50% of Tier-1 capital.

Deductions made to determine regulatory capital mainly consist of equity items (equity investments and subordinated loans) at banking sector entities in which the Group holds more than 10% of share capital or investments in the banking sector accounted for using the equity method. Equal amounts are deducted from Tier-1 and Tier-2 capital.

In application of the Ministerial Order of February 20, 2007, the Group is required to maintain a solvency ratio of at least 8% at all times.

In 2008, Groupe Caisse d'Epargne complied with these solvency ratio requirements.

Note 6 Notes to the consolidated income statement

6.1 Interest and similar income and expense

This line item comprises interest income and expense, calculated using the effective interest method, on financial assets and liabilities measured at amortized cost, which include interbank and customer items, held-to-maturity assets, debt securities and subordinated debt.

It also includes interest receivable on fixed-income securities classified as available-for-sale financial assets and hedging derivatives. Accrued interest on the hedging of cash flows is taken to income symmetrically with the accrued interest on the hedged item.

	2008			2007		
In millions of euros	Income	Expense	Net	Income	Expense	Net
Customer transactions	13,583	(7,100)	6,483	11,989	(5,861)	6,128
- *Demand and term accounts, loans and borrowings (excluding regulated savings products) and repurchase agreements*	*13,507*	*(1,656)*	*11,851*	*11,774*	*(1,357)*	*10,417*
- *Regulated savings products*	*76*	*(5,444)*	*(5,368)*	*215*	*(4,504)*	*(4,289)*
Interbank transactions	7,652	(3,760)	3,892	7,010	(3,964)	3,046
Finance leases	447		447	435		435
Debt securities and subordinated debt		(7,633)	(7,633)		(7,398)	(7,398)
- *Certificates of deposit and other securities*		*(1,941)*	*(1,941)*		*(3,294)*	*(3,294)*
- *Bonds*		*(5,117)*	*(5,117)*		*(3,614)*	*(3,614)*
- *Participating loans and subordinated debt*		*(575)*	*(575)*		*(490)*	*(490)*
Hedging derivatives	9,350	(9,935)	(585)	7,392	(7,155)	237
- *Hedging derivatives (fair value hedges)*	*9,071*	*(9,644)*	*(573)*	*7,360*	*(7,131)*	*229*
- *Hedging derivatives (cash flow hedges)*	*279*	*(291)*	*(12)*	*32*	*(24)*	*8*
Available-for-sale financial assets	1,669		1,669	1,898		1,898
Held-to-maturity financial assets	252		252	181		181
Interest on impaired financial assets	10		10	5		5
Other	24	(36)	(12)	11	(502)	(491)
TOTAL INTEREST AND SIMILAR INCOME AND EXPENSE	**32,987**	**(28,464)**	**4,523**	**28,921**	**(24,880)**	**4,041**

Interest income from transactions with credit institutions includes income on funds collected on the Livret A savings accounts which are deposited with the Caisse des Dépôts. This income includes:

- compensation for interest paid by the Caisses d'Epargne to the depositors which is included under "Customer items" for an amount of -€2,680 million in 2008;
- additional remuneration based on amounts outstanding, which is intended to cover the costs of managing depositors' accounts and which amounted to €740 million in 2008.

6.2 Commission income and expense

Commissions are recorded based on the type of service rendered and on the method of accounting for the financial instrument to which the service relates.

This line includes mainly commissions receivable or payable on recurring services (payment processing, custody fees, etc.) and occasional services (fund transfers, payment penalties, etc.), commissions receivable or payable on execution of significant transactions, and commissions receivable or payable on trust assets managed on behalf of the Group's customers.

However, commissions that form an integral part of the effective yield on a contract are recorded under "Net interest income".

	2008			2007		
In millions of euros	Income	Expense	Net	Income	Expense	Net
Cash and interbank transactions	97	(18)	79	11	(18)	(7)
Customer transactions	1,114	(69)	1,045	1,047	(19)	1,028
Financial services	275	(228)	47	283	(175)	108
Sales of life insurance products	876	0	876	856	0	856
Payment processing services	710	(267)	443	656	(268)	388
Securities transactions (1)	238	(73)	165	381	(60)	321
Trust management services (1)	876	(66)	810	917	0	917
Foreign exchange transactions and arbitrage	4	(2)	2	3	(1)	2
Financial instruments and off-balance sheet trading	132	(9)	123	108	(23)	85
Other	171	(113)	58	130	(238)	(108)
TOTAL COMMISSION INCOME AND EXPENSE	**4,493**	**(845)**	**3,648**	**4,392**	**(802)**	**3,590**

(1) Presentation of 2007 information modified for purposes of comparison.

6.3 Net gain or loss on financial instruments at fair value through profit or loss

This item includes gains and losses (including the related interest) on financial assets and liabilities classified as held for trading or designated at fair value through profit or loss.

"Hedging transactions" includes gains and losses arising from the remeasurement of derivatives used as fair value hedges, as well as gains and losses from the symmetrical remeasurement of the hedged item, the remeasurement at fair value of the macro-hedged portfolio and the ineffective portion of cash flow hedges.

In millions of euros	2008	2007
Financial instruments held for trading	(1,371)	319
Financial instruments designated at fair value through profit or loss	(109)	(758)
Hedging transactions	68	35
Foreign exchange transactions	169	110
TOTAL NET GAIN OR LOSS ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS	**(1,243)**	**(294)**

Day one profit

In connection with the Group's capital markets activities, the margin generated when financial instruments are traded is immediately recognized in profit or loss when internal valuation models are based on standard models, and the valuation method draws on observable market parameters.

However, valuation models used to price some structured products that often involve tailor-made solutions may use parameters that are partially non-observable in active markets. On initial recognition of such instruments, the transaction price is deemed to reflect the market price, and the margin generated when these instruments are traded (Day one profit) is deferred and taken to profit or loss over the period during which the valuation parameters are expected to remain non-observable, or until maturity.

When these parameters become observable, or when the valuation technique used becomes widely recognized and accepted, the portion of Day one profit not yet recognized is taken to profit or loss.

In millions of euros	**2008**	2007
Deferred margin at the start of the year	71	87
Amount generated during the year	19	23
Amortized during the year	(27)	(27)
Other changes	3	(12)
DEFERRED MARGIN AT THE END OF THE YEAR	**66**	**71**

The amounts recognized in profit or loss for the period total €8 million and relate exclusively to the capital markets activities of Natixis.

Other changes include, in particular, the impact of transactions having reached maturity, transactions for which valuation parameters became observable, and translation adjustments.

6.4 Net gains or losses on available-for-sale financial assets

This item includes dividends from variable-income securities, gains and losses on the sale of available-for-sale financial assets and impairment losses recognized on variable-income securities due to a permanent impairment in value.

In millions of euros	**2008**	2007
Gains or losses on disposals	(41)	87
Fixed-income securities	**(41)**	**87**
Gains or losses on disposals	160	1,058
Dividends received	258	253
Permanent impairment losses	(413)	(80)
Equities and other variable-income securities	**5**	**1,231**
Other	**(11)**	**8**
NET GAIN OR LOSS ON AVAILABLE-FOR-SALE FINANCIAL ASSETS	**(47)**	**1,326**

6.5 Income and expense on other activities

This item mainly comprises:

- income and expense on investment property (rental income and expense, gains and losses on disposals, depreciation, amortization and impairment);
- income and expense resulting from the Group's insurance business (notably premium income, paid benefits and claims, and changes in technical reserves of insurance companies);
- income and expense on operating leases;
- income and expense on real estate development activities (revenues, purchases used).

	2008			2007		
In millions of euros	Income	Expense	Net	Income	Expense	Net
Income and expense on investment property	**144**	**(51)**	**93**	**77**	**(43)**	**34**
Income and expense on insurance business	**2,261**	**(1,720)**	**541**	**2,531**	**(2,484)**	**47**
Income and expense on operating leases	**83**	**(108)**	**(25)**	**122**	**(43)**	**79**
Income	2,725		2,725	1,406		1,406
Purchases used		(1,914)	(1,914)		(930)	(930)
Income and expense on real estate development activities	**2,725**	**(1,914)**	**811**	**1,406**	**(930)**	**476**
Share in joint operations	73	(50)	23	87	(69)	18
Income paid back to suppliers, rebilled expenses	28	(20)	8	34	(7)	27
Other operating income and expense	500	(389)	111	793	(357)	436
Additions to and reversals from provisions	48	(82)	(34)	51	(63)	(12)
Other operating income and expense	**649**	**(541)**	**108**	**965**	**(496)**	**469**
TOTAL INCOME AND EXPENSE ON OTHER ACTIVITIES	**5,862**	**(4,334)**	**1,528**	**5,101**	**(3,996)**	**1,105**

Income and expense on insurance business

The table shown below provides a transition between the financial statements of insurance companies included in Groupe Caisse d'Epargne's scope of consolidation and their translation into the financial statements of Groupe Caisse d'Epargne in accordance with the presentation applicable to banks.

The consolidated entities of Groupe Caisse d'Epargne presenting their financial statements in accordance with the model used by insurance companies are GCE Assurances, Muracef and Surassur, Coface, Natixis Assurances and Natixis Garanties.

		Banking presentation					
In millions of euros	Insurance presentation	Net banking income	Overhead expenses	Gross operating income	Cost of risk	Income taxes	Other items
Earned premium	2,064	2,064		2,064			
Revenue or income from other activities	204	204		204			
Other operating income	16	16		16			
Net financial income before finance costs	(149)	(117)	(2)	(119)	(30)		
Revenue from ordinary activities	***2,135***	***2,167***	***(2)***	***2,165***	***(30)***		
Claims and benefits expenses	(1,435)	(1,386)	(49)	(1,435)			
Net income from outward reinsurance	(43)	(43)		(43)			
Acquisition costs	(219)	(151)	(68)	(219)			
Administrative expenses	(163)	(70)	(93)	(163)			
Other current or operating income and expenses	(166)	(7)	(151)	(158)	(8)		
Other operating income and expenses	***(2,026)***	***(1,657)***	***(361)***	***(2,018)***	***(8)***		
Operating income	**109**	**510**	**(363)**	**147**	**(38)**		
Finance costs	(16)	(16)		(16)			
Share in net income/(loss) of associates	7						7
Income tax	(32)					(32)	
Minority interests	(1)						(1)
CONSOLIDATED NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	**67**	**494**	**(363)**	**131**	**(38)**	**(32)**	**6**

Income and expense recognized for insurance contracts are included under the headings "Income from other activities" and "Expense on other activities" of net banking income.

Other components of profit or loss of insurance entities of a banking nature (interest and commissions) have been reclassified under these items of net banking income.

The main reclassifications relate to the charging of overhead expenses by nature whereas they are charged by function in the insurance presentation.

6.6 Operating expenses

Operating expenses include mainly personnel costs (wages and salaries net of rebilled amounts), social security charges, and employee benefit expenses such as pension costs. Operating expenses also include the full amount of administrative expenses and other external services costs.

In millions of euros	**2008**	2007
Personnel costs	**(4,987)**	**(4,828)**
Taxes other than on income	(239)	(266)
External services	(2,891)	(2,705)
Other expenses	(1)	(1)
Other administrative costs	**(3,131)**	**(2,972)**
TOTAL OPERATING EXPENSES	**(8,118)**	**(7,800)**

The breakdown of personnel costs is provided in Note 8.1.

6

6.7 Net depreciation, amortization and impairment for property, plant and equipment and intangible assets

In millions of euros	**2008**	2007
Net depreciation and amortization expenses	**(498)**	**(448)**
Additions to impairment of property, plant and equipment and intangible assets	(4)	(5)
Reversals from impairment of property, plant and equipment and intangible assets	7	6
Net (additions to)/reversals from provisions for impairment	**3**	**1**
DEPRECIATION, AMORTIZATION AND IMPAIRMENT FOR PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS	**(495)**	**(447)**

6.8 Cost of risk

This item records net impairment charges for credit risks, regardless of whether the impairment is calculated on an individual or collective basis for a portfolio of similar receivables.

Impairment losses are recognized for both loans and receivables and fixed-income securities when there is a known counterparty risk. Losses related to other types of instruments (derivatives or securities designated at fair value through profit or loss) recorded as a result of default by credit institutions are also included under this item.

In millions of euros	**2008**	2007
Interbank transactions	(164)	(4)
Customer transactions	(1,550)	(822)
Other financial assets	(232)	(43)
Off-balance sheet commitments	(273)	(49)
Additions to impairment losses and provisions	**(2,219)**	**(918)**
Interbank transactions	5	9
Customer transactions	985	924
Other financial assets	42	19
Off-balance sheet commitments	122	42
Reversals from impairment losses and provisions	**1,154**	**994**
Losses on irrecoverable interbank loans and receivables	(9)	0
Losses on irrecoverable customer loans and receivables	(297)	(340)
Losses on other financial assets	(111)	(34)
Losses on irrecoverable loans and receivables	**(417)**	**(374)**
Recoveries of loans and receivables previously written off	**41**	**39**
COST OF RISK	**(1,441)**	**(259)**

6.9 Gains or losses on other assets

This item includes gains and losses on disposals of property, plant and equipment and intangible assets, as well as gains and losses on disposals of investments in consolidated companies.

In millions of euros	**2008**	2007
Gains or losses on disposals of property, plant and equipment and intangible assets	26	2
Gains or losses on disposals of investments in consolidated companies	(8)	224
Other	1	(1)
TOTAL GAINS OR LOSSES ON OTHER ASSETS	**19**	**225**

In 2008, gains on the disposal of consolidated investments mainly include three items:

- income on the disposal of a share in GCE Assurances (€25 million);
- the gain resulting from the transfer by Natixis SA of its custodial and fund administration, management and reporting activities to CACEIS (€37 million);
- the appreciation in the value of the put option granted by the CNCE on the shares held by CNP in Natixis Global Asset Management (charge of €64 million).

In 2007, gains on disposals of investments in consolidated companies included a €115 million gain on the Nexity asset-for-share exchange deal and a gain of €62 million on the restructuring of Natixis' asset management business.

6.10 Changes in value of goodwill

"Changes in value of goodwill" break down as follows:

- impairment losses on goodwill relating to Natixis (-€667 million for the corporate and investment banking division), Locindus (-€34 million), Meilleurtaux (-€36 million), and Océorane (-€17 million);
- negative goodwill taken to profit or loss for €127 million following the acquisitions of Natixis shares by the CNCE.

6.11 Income taxes

6.11.1 Income tax components

In millions of euros	**2008**	2007
Current income tax expense	(62)	(463)
Deferred tax expense/(income)	763	121
Impact of tax credit reducing current income tax expense	16	24
Other items	83	28
INCOME TAX	**800**	**(290)**

6.11.2 Analysis of income taxes

In millions of euros	**2008**	2007
Net income attributable to equity holders of the parent	(2,015)	1,367
Impairment of goodwill	(636)	(40)
Minority interests	12	93
Share in net income/(loss) of associates	211	303
Taxes	800	(290)
Net income before tax and impairment of goodwill (A)	**(2,378)**	**1,487**
Standard income tax rate in France (B)	**34.43%**	**34.43%**
Theoretical tax expense/(credit) at the applicable income tax rate in France (A x B)	**(818)**	**512**
Impact of the change in unrecognized deferred taxes (1)	96	13
Impact of permanent differences	89	30
Impact of items not taxed or taxed at reduced tax rates	5	(213)
Impact of tax rates applicable to foreign entities	17	(16)
Taxes on prior periods, tax credits and other taxes (1)	(177)	
Other items	(12)	(36)
Income tax	**(800)**	**290**
Effective tax rate (recognized income tax divided by taxable income)	**33.66%**	**19.50%**

(1) These lines include the recognition of deferred tax assets, in particular those related to Natixis' activities in the United States.

Note 7 Risk exposures

Certain disclosures relating to risk management required by IFRS 7 are provided in the risk management report. They form an integral part of the financial statements audited by the Statutory Auditors.

7.1 Credit risk

Disclosures relating to the management of credit risk required by IFRS 7 and provided in the risk management report include:

- the breakdown of Groupe Caisse d'Epargne's exposures to credit risk:
  - by Basel risk category,
  - by segment,
  - by credit-quality rating;
- concentration of credit risk on major counterparties as of December 31, 2008; and
- the hedging of exposures to credit risk for the real estate loan portfolio.

7.1.1 Measurement and management of credit risk

Credit risk arises whenever a counterparty is unable to meet its payment obligations and may result from a reduction in credit quality or even default by the counterparty.

Commitments exposed to credit risk consist of existing or potential receivables and particularly loans, debt securities, equities, performance swaps, performance bonds, or confirmed or undrawn facilities.

Credit risk management procedures and assessment methods, risk concentration, the quality of performing financial assets, and the analysis and breakdown of outstandings are described in the risk management report.

7.1.2 Total credit risk exposure

The table below presents Groupe Caisse d'Epargne's total credit risk exposure. The exposure is calculated on the basis of the carrying amount of the financial assets without taking into account the impact of any unrecognized netting or collateral agreements.

In millions of euros	Performing loans	Doubtful loans	Write-downs and provisions for impairment	**Net outstandings as of 12/31/2008**	Net outstandings as of 12/31/2007
Financial assets at fair value through profit or loss (excluding variable-income securities)	99,723			99,723	68,849
Hedging derivatives	7,357			7,357	2,841
Available-for-sale financial assets (excluding variable-income securities)	29,527	398	(291)	29,634	37,395
Interbank transactions	134,331	261	(210)	134,382	140,254
Customer transactions	296,169	4,958	(3,588)	297,539	268,511
Held-to-maturity financial assets	5,178			5,178	4,599
Balance sheet exposure	**572,285**	**5,617**	**(4,089)**	**573,813**	**522,449**
Financial guarantees given	83,045	218		83,263	106,544
Off-balance sheet commitments	59,625	65	(378)	59,312	63,423
Off-balance sheet exposure	**142,670**	**283**	**(378)**	**142,575**	**169,967**
TOTAL CREDIT RISK EXPOSURE	**714,955**	**5,900**	**(4,467)**	**716,388**	**692,416**

The "Write-downs and provisions for impairment" column includes provisions calculated on an individual basis as well as portfolio-assessed provisions.

7.1.3 Loans and receivables with past due payments and guarantees received as collateral

Loans and receivables with past due payments are performing financial assets for which a payment incident has been recorded.

For example:

- a debt instrument is considered past due if the bond issuer is no longer making interest payments;
- a loan is considered past due if a payment or installment has been missed and recorded as such in the accounts;
- a current account carried in "Loans and receivables" is considered past due if the overdraft period or authorized limit has been exceeded as of the balance sheet date.

The amounts disclosed in the table below do not include past due amounts resulting from the delay between the settlement date and the recognition date.

Past due loans and receivables (past due principal and accrued interest in the case of loans and total overdrawn balance in the case of current accounts) can be broken down by due date as follows:

	Non-impaired loans and receivables with past due payments					
In millions of euros	90 days or less	More than 90 days and less than 180 days	More than 180 days and less than 1 year	More than 1 year	**Net outstandings**	Collateral securing these outstandings
Debt instruments	0	0	0	0	0	0
Loans and receivables	4,233	256	146	119	4,754	5,530
Other financial assets	1	2	0	0	3	43
TOTAL AS OF DECEMBER 31, 2008	**4,234**	**258**	**146**	**119**	**4,757**	**5,573**
Total as of December 31, 2007	4,089	492	22	23	4,626	4,217

Guarantees, personal guarantees or collateral notably include sureties, pledges, liens, warrants, preferential rights and mortgages.

Guarantees concern mainly loans and receivables due from customers and consist of mortgages or personal property provided as collateral (for personal loans) and pledges on financed assets or financial instruments.

7.1.4 Restructured loans

The table below provides the carrying amount of restructured loans (renegotiated due to financial difficulties experienced by the debtor) presented as performing loans:

In millions of euros	**12/31/2008**	12/31/2007
Loans and receivables due from credit institutions	8	10
Loans and receivables due from customers	531	283
TOTAL RESTRUCTURED LOANS	**539**	**293**

7.1.5 Write-downs and provisions for credit risk

In millions of euros	12/31/2007	Additions to provisions net of reversals	Other changes [1]	**12/31/2008**
- individually-assessed impairment	*33*	*159*	*0*	*192*
- portfolio-assessed impairment	*19*	*0*	*(1)*	*18*
Interbank transactions (excluding finance leases)	52	159	(1)	210
- individually-assessed impairment	*1,865*	*408*	*147*	*2,420*
- portfolio-assessed impairment	*846*	*181*	*32*	*1,059*
Customer transactions (excluding finance leases)	2,711	589	179	3,479
- individually-assessed impairment	*115*	*(24)*	*(11)*	*80*
- portfolio-assessed impairment	*28*	*0*	*1*	*29*
Finance leases	143	(24)	(10)	109
Other financial assets	77	190	24	291
Total impairment deducted from assets	**2,983**	**914**	**192**	**4,089**
Off-balance sheet commitments	135	151	92	378
Impairment provisions recognized as liabilities	**135**	**151**	**92**	**378**
TOTAL IMPAIRMENT AND PROVISIONS FOR CREDIT RISK	**3,118**	**1,065**	**284**	**4,467**

(1) Including changes in Group structure and exchange rates.

7.1.6 Assets obtained by taking possession of collateral

The carrying amount of assets (securities, real estate, etc.) obtained by taking possession of collateral or other forms of credit enhancement amounted to €21 million as of December 31, 2008, compared to €12 million as of December 31, 2007.

7.2 Market risk

Market risk refers to the possibility of financial loss due to movements in market variables, such as:

- interest rates: interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market rates of interest;
- exchange rates;
- prices: market price risk is the risk of a potential loss resulting from changes in market prices, whether they are caused by factors specific to the instrument or its issuer, or by factors affecting all market traded instruments. Variable-income securities, equity derivatives and commodity derivatives are exposed to this type of risk;
- and more generally, any market parameter involved in the valuation of portfolios.

Systems for the measurement and monitoring of market risks are detailed in the risk management report.

The information provided in the risk management report under IFRS 7 and relating to the management of market risk is comprised of the Value-at-Risk (VaR).

7.3 Interest rate risk and currency risk

Interest rate risk is the risk that unfavorable changes in interest rates will adversely impact the Group's annual results and net worth. Currency risk is the risk of losses resulting from changes in exchange rates.

The information provided in the risk management report under IFRS 7 and relating to the management of interest rate risk is comprised of the net present value of the open risk position.

The Group's approach to the management of currency risk is discussed in the risk management report.

7.4 Liquidity risk

Disclosures relating to the management of liquidity risk required under IFRS 7, provided in the risk management report, make use of the liquidity ratio.

7.4.1 Management of liquidity risk

Liquidity risk is the risk that the bank will be unable to meet its payment obligations as they fall due and replace funds when they are withdrawn.

The information provided in the risk management report under IFRS 7 and relating to the management of liquidity risk is comprised of the liquidity ratio.

7.4.2 Analysis of loans and borrowings by term outstanding

The table below analyzes the present value of financial assets and liabilities by contractual maturity date:

- for fixed-income securities, loans and debt, total amortized cost (outstanding principal + ancillary expense/income included in the calculation of the effective interest rate + non-deferred premium/discount + impairment expense) is allocated on the basis of the contractual repayment terms and conditions;
- for variable-income securities, unless otherwise indicated, total fair value (face value + fair value remeasurement + any long-term decrease in value) is included under the "No fixed maturity" column;
- in the case of derivatives held for trading, positive or negative fair value is shown in the "Less than 1 month" column;
- in the case of hedging derivatives, positive or negative fair value is recorded at maturity;
- loans and deposits repayable on demand are shown in the "Less than 1 month" column;
- by default, accrued interest is recorded in the "Less than 1 month" column.

In millions of euros	Less than 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 to 2 years	From 2 to 5 years	Over 5 years	No fixed maturity	**Total**
Cash and amounts due from central banks	13,895	56						13,951
Trading derivatives	65,857							65,857
Other financial assets at fair value through profit or loss	5,977	778	3,134	2,873	6,343	15,559	10,202	44,866
Hedging derivatives	556	204	404	423	1,262	4,500	8	7,357
Available-for-sale financial assets	1,898	4,941	2,488	1,717	5,942	13,443	6,272	36,701
Loans and receivables due from credit institutions	101,320	10,437	3,925	3,063	4,906	9,766	965	134,382
Loans and receivables due from customers	19,847	10,133	20,789	15,604	61,863	168,296	1,007	297,539
Remeasurement adjustment on interest-rate risk hedged portfolios	40	15	98	134	393	1,237		1,917
Held-to-maturity financial assets	146	144	654	335	1,087	2,812		5,178
Financial assets by maturity	**209,536**	**26,708**	**31,492**	**24,149**	**81,796**	**215,613**	**18,454**	**607,748**
Amounts due to central banks	308							308
Trading derivatives	65,400							65,400
Other financial liabilities at fair value through profit or loss	13,439	2,920	1,478	1,729	5,640	10,916		36,122
Hedging derivatives	214	466	517	990	1,513	3,731		7,431
Amounts due to credit institutions	28,585	16,312	18,379	2,196	4,468	11,358	10	81,308
Amounts due to customers	170,850	11,018	11,343	4,167	11,411	7,803	11,144	227,736
Debt securities	22,768	23,364	15,924	14,905	34,451	46,759	11	158,182
Remeasurement adjustment on interest-rate risk hedged portfolios	197	3	(1)	(24)	62	669	2	908
Subordinated debt	411	16	10	392	991	6,119	5,757	13,696
Financial liabilities by maturity	**302,172**	**54,099**	**47,650**	**24,355**	**58,536**	**87,355**	**16,924**	**591,091**

Current financial assets and liabilities concern amounts payable or receivable in less than twelve months. As of December 31, 2008, current financial assets were €267,736 million and current financial liabilities were €403,921 million.

Note 8 Employee benefits

8.1 Personnel costs

In millions of euros	**2008**	2007
Wages and salaries	(3,010)	(3,001)
Expense on defined benefit and defined contribution plans	(418)	(362)
Other social security charges and payroll-based taxes	(1,391)	(1,231)
Profit-sharing and incentive plans	(168)	(234)
TOTAL PERSONNEL COSTS	**(4,987)**	**(4,828)**

8.2 Average number of employees

	2008	2007 (1)
Managerial staff	24,320	21,188
Non-managerial staff	40,325	37,036
TOTAL	**64,645**	**58,224**

(1) The breakdown between managerial and non-managerial staff for 2007 was modified for purposes of comparison.

The change in the average number of employees between 2007 and 2008 is mainly due to the full-year inclusion of Nexity's average workforce (including GCE Immobilier's employees) in 2008.

	2008	2007
France	59,139	54,334
European Union (excluding France)	1,768	1,322
North America	1,047	429
Asia/Pacific	539	188
Rest of world	2,152	1,951
TOTAL	**64,645**	**58,224**

8.3 Employee benefit obligations

Groupe Caisse d'Epargne grants its staff a variety of employee benefits:

- the Caisses d'Epargne's private supplementary pension plan, previously managed by the Caisse Générale de Retraite des Caisses d'Epargne (CGRCE);
- pensions and other post-employment benefits such as retirement indemnities and other benefits granted to retirees;
- other benefits such as long-service awards and other long-term employee benefits.

As of January 1, 2008, the CGRCE was a supplementary pension scheme governed by Articles L. 941-1 *et seq.* of the French Social Security Code (*Code de la Sécurité sociale*) managing a private pension fund on behalf of Group personnel. As a result of the pension reform enacted in 2003, known as the "Loi Fillon", these institutions were required to either wind up their operations, seek accreditation as an *institution de prévoyance* (employee benefits savings institution), or merge with such an institution by December 31, 2008.

Representatives of employee members of the CGRCE opted for the third solution. Therefore, as of December 31, 2008, the Caisse Générale de Prévoyance des Caisses d'Epargne absorbed the CGRCE. This merger has no direct accounting impact for the Group.

This reform had prompted Groupe Caisse d'Epargne to raise an additional provision of €149 million in 2005 and to carry out two transactions involving transfers of assets to the CGRCE in the total amount of €1,391 million. Additional asset transfers were carried out in 2006 and 2007, for €380 million and €365 million, respectively.

8.3.1 Analysis of assets and liabilities recorded in the balance sheet

	12/31/2008				12/31/2007			
In millions of euros	CGRCE plan	Pension obligations	Other obligations	Total	CGRCE plan	Pension obligations	Other obligations	Total
Present value of funded obligations	4,500	436	84	5,020	4,293	411	64	4,768
Fair value of plan assets	(4,185)	(191)	(7)	(4,383)	(4,046)	(172)	(6)	(4,224)
Fair value of reimbursement rights	(395)	(69)		(464)	(389)	(77)	(2)	(468)
Present value of unfunded obligations		116	31	147		109	35	144
Unrecognized items (actuarial gains or losses)	68	(4)	(1)	63	130	17	(1)	146
Unrecognized items (past service cost)		(15)	(1)	(16)		(3)		(3)
NET AMOUNT RECORDED IN THE BALANCE SHEET	**(12)**	**273**	**106**	**367**	**(12)**	**285**	**90**	**363**
Employee benefit obligations recorded in the balance sheet	**382**	**274**	**106**	**762**	**379**	**286**	**90**	**755**
Plan assets recorded in the balance sheet	**394**	**1**		**395**	**391**	**1**		**392**

8.3.2 Change in amounts reported in the balance sheet

	12/31/2008				12/31/2007			
In millions of euros	CGRCE plan	Pension obligations	Other obligations	Total	CGRCE plan	Pension obligations	Other obligations	Total
Projected benefit obligation at start of year	4,293	520	99	4,912	4,610	438	124	5,172
Service cost		16	6	22		15	5	20
Interest cost	180	19	5	204	173	19	4	196
Benefits paid	(115)	(21)	(9)	(145)	(117)	(21)	(7)	(145)
Actuarial gains and losses	297	12	3	312	(369)	(18)	1	(386)
Past service cost		12	3	15		2		2
Other (translation adjustments, changes for the year)	(155)	(6)	8	(153)	(4)	85	(28)	53
Projected benefit obligation at end of year	**4,500**	**552**	**115**	**5,167**	**4,293**	**520**	**99**	**4,912**
Fair value of plan assets at start of year	(4,046)	(172)	(6)	(4,224)	(3,928)	(80)	(7)	(4,015)
Expected return on plan assets	(175)	(6)		(181)	(189)	(8)		(197)
Plan participant contributions		(4)	(1)	(5)	(364)	(1)		(365)
Benefits paid	115	(2)		113	117	4	1	122
Actuarial gains and losses for the period	(235)	10	1	(224)	315	(1)	1	315
Other (translation adjustments, changes for the year)	156	(17)	(1)	138	3	(86)	(1)	(84)
Fair value of plan assets at end of year	**(4,185)**	**(191)**	**(7)**	**(4,383)**	**(4,046)**	**(172)**	**(6)**	**(4,224)**
Fair value of reimbursement rights at start of year	(389)	(77)	(2)	(468)	(769)	(83)	(2)	(854)
Expected return on reimbursement rights	(5)	(3)		(8)	15	(3)		12
Contributions paid or received		(1)		(1)	364			364
Benefits paid		5		5		5		5
Actuarial gains and losses for the period		(6)		(6)		(1)		(1)
Other (translation adjustments, changes for the year)	(1)	13	2	14	1	5		6
Fair value of reimbursement rights at end of year	**(395)**	**(69)**	**0**	**(464)**	**(389)**	**(77)**	**(2)**	**(468)**
Net obligation	**(80)**	**292**	**108**	**320**	**(142)**	**271**	**91**	**220**
Actuarial gains or losses and past service cost	68	(4)	(1)	63	130	17	(1)	146
Past service cost		(15)	(1)	(16)		(3)		(3)
NET AMOUNT RECORDED IN THE BALANCE SHEET	**(12)**	**273**	**106**	**367**	**(12)**	**285**	**90**	**363**

As of December 31, 2008, the individual Caisses d'Epargne's pension plan assets comprise 88% bonds, 6% shares, 2% real estate assets, and 4% monetary assets. The expected return on plan assets is calculated by weighting the expected return on each category of asset by their respective weighting in the aggregate fair value of all plan assets.

Experience adjustments in the individual Caisses d'Epargne's pension plan

Experience adjustments are changes in plan assets and obligations unrelated to changes in actuarial assumptions.

In millions of euros	**12/31/2008**	12/31/2007	12/31/2006	01/01/2006
Present value of funded obligations (1)	4,500	4,293	4,610	4,807
Fair value of plan assets (2)	(4,580)	(4,435)	(4,697)	(4,819)
NET AMOUNT RECORDED IN THE BALANCE SHEET	**(80)**	**(142)**	**(87)**	**(12)**
Experience adjustments to pension obligations - gains/(losses) as a % of (1)	0.5%	4.0%	-1.1%	3.4%
Experience adjustments to pension obligations - gains/(losses) as a % of (2)	5.3%	-6.7%	-3.4%	-2.4%

8.3.3 Analysis of the charge relating to defined-benefit plans

The different components of the charge recognized for defined-benefit plans are included under "Personnel costs".

	12/31/2008				12/31/2007			
In millions of euros	CGRCE plan	Pension obligations	Other obligations	Total	CGRCE plan	Pension obligations	Other obligations	Total
Service cost		16	6	22		15	5	20
Interest cost	180	19	5	204	173	19	4	196
Expected return on plan assets	(175)	(6)		(181)	(189)	(8)		(197)
Expected return on reimbursement rights	(5)	(3)		(8)	15	(3)		12
Actuarial gains and losses			6	6		1	(1)	0
Exceptional events		(20)	(1)	(21)		(8)	(1)	(9)
TOTAL CHARGE FOR DEFINED-BENEFIT PLANS	**0**	**6**	**16**	**22**	**(1)**	**16**	**7**	**22**

8.3.4 Main actuarial assumptions

	12/31/2008			12/31/2007		
Percentage	CGRCE plan	Pension obligations	Other obligations	CGRCE plan	Pension obligations	Other obligations
Discount rate	4.00%	3.60% (1)	3.60%	4.60%	4.20%	4.20%
Expected return on plan assets	4.10%			4.60%		
Expected return on reimbursement rights	4.00%			4.20%		
Mortality tables	TGH/ TGF 05	TF 00-02 TPRV93	TF 00-02	TGH/ TGF 05	TF 00-02 TPRV93	TF00-02

(1) Tariff advantages granted to retired employees: 3.80%.

8.4 Share-based payment

This section presents the Group's main share-based payment plans.

8.4.1 Bonus share allocation scheme (SAGA)

The Management Board of Natixis, at its meeting of Novemberr 12, 2007, decided to allocate, equitably and in registered form, 60 bonus shares to employees of Natixis and its subsidiaries, Groupe Banque Populaire, and Groupe Caisse d'Epargne. Specifically, this allocation concerns employees working in France, with at least three years of service as of the grant date, for the following entities:

- Natixis;
- Banque Fédérale des Banques Populaires;
- Caisse Nationale des Caisses d'Epargne;
- credit institutions affiliated to one or the other of the two central institutions;
- entities in which Natixis, one of the central institutions, or one of the affiliated credit institutions has a direct or indirect stake of more than 50%.

In total, more than 100,000 persons received this allocation.

Following the capital increase carried out by Natixis in September 2008, and in order to preserve the economic rights of beneficiaries, the Management Board of Natixis, at its meeting of December 8, 2008, decided to allocate 33 additional bonus shares to the beneficiaries of this plan.

Each Groupe Caisse d'Epargne entity (excluding Natixis) accrues a charge corresponding to the cost of the shares that will ultimately be vested in its employees. Natixis has begun the process of acquiring the necessary shares on the market and will rebill this amount at the end of the vesting period.

The total charge was calculated based on an acquisition price per share by Natixis, reflecting an average estimated employee turnover of 2.25% for the period (through November 12, 2009) and the new 10% employer contribution introduced by Article 13 of the Social Security Financing Act.

The charge recorded in respect of the shares is recognized over the two-year vesting period.

The charge recorded for 2008 in respect of the bonus share allocation scheme amounted to €22 million (€2 million for Natixis employees and €20 million for all other employees of Groupe Caisse d'Epargne).

8.4.2 Natixis share subscription option plans

	Number of options granted (Natixis employees)	Number of options granted (Groupe Caisse d'Epargne employees excluding Natixis)	Exercisable from	Last exercise date	Exercise price *(in euros)*	Fair value *(in euros)*
2004 Plan	3,916,220	-	November 2008	November 2011	5.79	1.33
2005 Plan	4,573,800	-	November 2009	November 2012	7.74	2.46
2007 Plan	7,698,922	3,850,000	January 2011	January 2014	14.38	5.03
2008 Plan	7,263,256	3,788,396	January 2012	January 2015	8.27	1.69

Due to recent renunciations, some options granted under the 2008 Plan are no longer in circulation.

The charge for the period amounted to €8 million (€4 million for Natixis employees and €4 million for all other employees of Groupe Caisse d'Epargne).

8.4.3 Nexity share subscription option and bonus share allocation plans

Nexity has set up a number of employee profit-sharing plans with the following characteristics:

Nexity Plans	Number of options or shares granted	Number of options or shares granted, not cancelled and not exercised	Normal exercise date
2002 Plan	499,478	0	From June 2006
2003 Plan	135,455	28,160	From June 2007
February 2004 and May 2004 Plans	720,400	241,700	From February 2008
October 2004 and December 2004 Plans	750,000	659,800	From October 2008
October 2005 Plan	200,000	192,500	From October 2009
December 2005 Plan	184,500	166,500	From Q1 2009
March 2006 Plan	55,000	55,000	From Q1 2009
September 2006 Plan	15,000	12,000	From Q1 2010
December 2006 Plan	85,500	73,100	From Q1 2010
June 2007 Plan	53,500	47,700	From Q1 2010
January 2008 Plan	369,500	346,000	From Q1 2011
April 2008 Plan	139,500	135,000	From Q2 2011
December 2008 Plan	373,000	373,000	From Q1 2012
TOTAL	**3,580,833**	**2,330,460**	

In addition, Nexity's Board of Directors was delegated authority by the Shareholders' Meeting (valid through June 2009) to grant bonus shares equivalent to 1% of its capital (subject to a vesting period of at least two years as well as certain performance-related criteria). A total of 373,000 bonus shares have already been allocated under this authorization.

If all share subscription options and bonus share allocations granted or available to be granted were to be exercised, the maximum dilutive impact would be 4.5%.

Measurement of Nexity's stock option and bonus share allocation plans

The plans set up after November 7, 2002 were measured as follows:

Stock option plans

In millions of euros	Total valuation	Charge for 2008
February 2004 Plan	3.7	0.1
May 2004 Plan	2.9	0.2
October 2004 and December 2004 Plans	1.6	0.4
October 2005 Plan	1.0	0.2
TOTAL	**9.2**	**0.9**

Bonus share allocation plans

In millions of euros	Total valuation	Charge for 2008
December 2005 Plan	5.4	1.9
March 2006 Plan	2.6	1.0
September 2006 Plan	0.0	0.0
December 2006 Plan	1.3	0.0
June 2007 Plan	1.0	0.2
January 2008 Plan	4.7	1.4
April 2008 Plan	1.0	0.2
December 2008 Plan	1.7	0.0
TOTAL	**17.7**	**4.7**

The total measurement of the plans is determined on the basis of the Black and Scholes method.

Note 9 Segment information

9.1 Segment information relating to the consolidated income statement

The accounting conventions used to prepare Groupe Caisse d'Epargne's consolidated income statement for the year ended December 31, 2008 are described in Note 3 "Basis of preparation of the consolidated financial statements". The segment information provided in this section is presented in accordance with IAS 14.

Groupe Caisse d'Epargne is currently organized around four main divisions:

- the **Commercial Banking** division comprising operations relating to lending, savings and other banking services carried out by the individual Caisses d'Epargne, Crédit Foncier and the other subsidiaries within the Group network (mainly Banque Palatine and Océor), as well as the retail businesses held directly by the CNCE;
- the **Real Estate Services** division, comprising Nexity, specialized in corporate and residential real estate development, and the Group's other real estate subsidiaries (particularly Maisons France Confort, Meilleurtaux, GCE SEM, Mifcos and GCE Habitat);
- the **Insurance** division, which includes the Group's life and general insurance subsidiaries (mainly CNP Assurances and GCE Assurances);
- the **Wholesale Banking & Financial Services** division (corresponding to the contribution of Natixis). This business is held in equal proportions by Groupe Caisse d'Epargne and Groupe Banque Populaire and is structured around four business segments:
  - Corporate and investment banking, which includes corporate financing and capital markets activities for major accounts,
  - Asset management, private equity and private banking (CIGP),
  - Investor services and retail banking, comprising securities (including back office activities), payments, insurance and sureties, employee benefits planning, and specialized financing solutions,
  - Receivables management, which includes receivables protection, credit management, and factoring services.

  The other activities included within Wholesale Banking & Financial Services correspond mainly to the activities of the Natixis holding company.

Groupe Caisse d'Epargne's "Other activities" include businesses carried out by the Group that are not directly operational and mainly include:

- the activities of holding structures that manage the central financing operations conducted by the CNCE on behalf of the Group's divisions, CNCE support functions and investment management services;
- the activities relating to the financial portfolios of the individual Caisses d'Epargne [(1)];
- and non-recurring income and expense not related to the businesses carried on by the divisions (restructuring costs/synergies, impairment of goodwill, etc.).

The presentation of the income statement for the year ended December 31, 2008 is consistent with that used for the previous year. "Other activities" also includes CIFG's results for the 2007 fiscal year.

The accounting conventions used to present segment results aim to provide a more representative picture of the results and profitability of the Group's different activities.

Inter-segment transactions are conducted under normal market conditions.

(1) The results recognized for the financial portfolios of the individual Caisses d'Epargne correspond:
- in 2008, to activities involving the proprietary trading, medium to long-term investor, corporate finance, private equity and financial engineering portfolios;
- in 2007, to activities involving the proprietary trading and medium to long-term investor portfolios, as changes in the naming system for portfolios were introduced by the Group's new financial management charter, which entered into effect as of end-2008.

Performance by division

In millions of euros	Commercial Banking		Insurance		Real Estate Services		Wholesale Banking & Financial Services [1]		Other activities		**Groupe Caisse d'Epargne**	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
Net banking income	7,173	7,258	106	86	903	771	1,050	2,094	(823)	(441)	8,409	9,768
Total operating expenses	(5,438)	(5,281)	(76)	(66)	(737)	(578)	(1,677)	(1,782)	(685)	(540)	(8,613)	(8,247)
Gross operating income	**1,735**	**1,977**	**30**	**20**	**166**	**193**	**(627)**	**312**	**(1,508)**	**(981)**	**(204)**	**1,521**
Cost of risk	(413)	(171)	0	0	(1)	0	(651)	(85)	(376)	(3)	(1,441)	(259)
Income before tax	**1,330**	**1,821**	**134**	**201**	**173**	**205**	**(1,194)**	**339**	**(3,246)**	**(816)**	**(2,803)**	**1,750**
Net income attributable to equity holders of the parent	**857**	**1,192**	**120**	**191**	**40**	**64**	**(989)**	**284**	**(2,043)**	**(364)**	**(2,015)**	**1,367**

(1) Group share in Natixis amounted to 34.66% in 2007 and 35.78% in 2008.

Performance of the Commercial Banking sub-divisions

In millions of euros	Caisses d'Epargne		Crédit Foncier		Other specialized networks		**Commercial Banking**	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007
Net banking income	5,234	5,563	1,103	900	836	795	7,173	7,258
Total operating expenses	(4,097)	(4,013)	(622)	(619)	(719)	(649)	(5,438)	(5,281)
Gross operating income	**1,137**	**1,550**	**481**	**281**	**117**	**146**	**1,735**	**1,977**
Cost of risk	(173)	(148)	(166)	9	(74)	(32)	(413)	(171)
Income before tax	**964**	**1,398**	**310**	**296**	**56**	**127**	**1,330**	**1,821**
Net income attributable to equity holders of the parent	**632**	**923**	**185**	**193**	**40**	**76**	**857**	**1,192**

Performance of the Wholesale Banking & Financial Services sub-divisions

In millions of euros	Corporate and investment banking		Asset management and private equity and private banking		Investor services and retail banking		Receivables management		Other		**Wholesale Banking & Financial Services**	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
Net banking income	(213)	593	554	770	529	508	286	321	(106)	(98)	1,050	2,094
Total operating expenses	(655)	(693)	(406)	(502)	(342)	(315)	(249)	(232)	(25)	(40)	(1,677)	(1,782)
Gross operating income	**(868)**	**(100)**	**148**	**268**	**187**	**193**	**37**	**89**	**(131)**	**(138)**	**(627)**	**312**
Cost of risk	(537)	(77)	(25)	2	(8)	(6)	(10)	(5)	(71)	1	(651)	(85)
Income before tax	**(1,411)**	**(176)**	**128**	**275**	**257**	**289**	**36**	**87**	**(204)**	**(136)**	**(1,194)**	**339**
Net income attributable to equity holders of the parent	**(1,159)**	**(89)**	**76**	**178**	**182**	**214**	**25**	**64**	**(113)**	**(83)**	**(989)**	**284**

Restatements pertaining to 2007 segment information: reclassification of lease financing and international services activities (Natixis Pramex International and Natixis Algeria) from the corporate and investment banking division into the investor services division and adjustments for cost accounting agreements relating to the remuneration of allocated capital and the allocation of overhead expenses.

Breakdown of net banking income by geographic area

In millions of euros	**2008**	2007
France	7,510	9,346
European Union (excluding France)	296	327
North America	270	(274)
Asia/Pacific	106	48
Rest of World	227	321
TOTAL	**8,409**	**9,768**

9.2 Segment information relating to the consolidated balance sheet

Groupe Caisse d'Epargne's consolidated balance sheet includes the stake held by the Group in Natixis (amounting to 35.78% as of December 31, 2008 and 34.66% as of December 31, 2007).

In millions of euros	Commercial Banking		Insurance		Real Estate		Wholesale Banking & Financial Services		Other activities		**Groupe Caisse d'Epargne**	
	12/31/2008	12/31/2007	**12/31/2008**	12/31/2007	**12/31/2008**	12/31/2007	**12/31/2008**	12/31/2007	**12/31/2008**	12/31/2007	**12/31/2008**	12/31/2007
Segment assets	397,645	357,845	1,109	1,463	5,127	4,905	183,991	168,732	61,884	68,508	649,756	601,453
Segment liabilities [1]	377,963	338,498	323	253	3,931	3,485	186,530	168,703	62,605	68,094	631,352	579,033

(1) Segment liabilities correspond to total liabilities less consolidated equity.

In millions of euros	France		European Union (excluding France)		North America		Asia/Pacific		Rest of world		**Commercial Banking**	
	12/31/2008	12/31/2007	**12/31/2008**	12/31/2007	**12/31/2008**	12/31/2007	**12/31/2008**	12/31/2007	**12/31/2008**	12/31/2007	**12/31/2008**	12/31/2007
Segment assets	391,119	352,185	279	272	0	0	2,725	0	3,522	5,388	397,645	357,845
Segment liabilities (1)	371,555	332,904	274	266	0	0	2,717	0	3,417	5,328	377,963	338,498

In millions of euros	France		European Union (excluding France)		North America		Asia/Pacific		Rest of world		**Insurance**	
	12/31/2008	12/31/2007	**12/31/2008**	12/31/2007	**12/31/2008**	12/31/2007	**12/31/2008**	12/31/2007	**12/31/2008**	12/31/2007	**12/31/2008**	12/31/2007
Segment assets	1,038	1,384	71	79	0	0	0	0	0	0	1,109	1,463
Segment liabilities (1)	264	188	59	65	0	0	0	0	0	0	323	253

In millions of euros	France		European Union (excluding France)		North America		Asia/Pacific		Rest of world		**Real Estate**	
	12/31/2008	12/31/2007	**12/31/2008**	12/31/2007	**12/31/2008**	12/31/2007	**12/31/2008**	12/31/2007	**12/31/2008**	12/31/2007	**12/31/2008**	12/31/2007
Segment assets	5,127	4,905	0	0	0	0	0	0	0	0	5,127	4,905
Segment liabilities (1)	3,931	3,485	0	0	0	0	0	0	0	0	3,931	3,485

In millions of euros	France		European Union (excluding France)		North America		Asia/Pacific		Rest of world		**Wholesale Banking & Financial Services**	
	12/31/2008	12/31/2007	**12/31/2008**	12/31/2007	**12/31/2008**	12/31/2007	**12/31/2008**	12/31/2007	**12/31/2008**	12/31/2007	**12/31/2008**	12/31/2007
Segment assets	135,176	123,834	22,330	19,281	24,075	23,611	2,410	2,006	0	0	183,991	168,732
Segment liabilities (1)	137,041	123,812	22,638	19,278	24,408	23,607	2,443	2,006	0	0	186,530	168,703

In millions of euros	France		European Union (excluding France)		North America		Asia/Pacific		Rest of world		**Other Activities**	
	12/31/2008	12/31/2007	**12/31/2008**	12/31/2007	**12/31/2008**	12/31/2007	**12/31/2008**	12/31/2007	**12/31/2008**	12/31/2007	**12/31/2008**	12/31/2007
Segment assets	61,884	68,296	0	0	0	212	0	0	0	0	61,884	68,508
Segment liabilities (1)	62,605	67,166	0	0	0	928	0	0	0	0	62,605	68,094

In millions of euros	France		European Union (excluding France)		North America		Asia/Pacific		Rest of world		**Groupe Caisse d'Epargne**	
	12/31/2008	12/31/2007	**12/31/2008**	12/31/2007	**12/31/2008**	12/31/2007	**12/31/2008**	12/31/2007	**12/31/2008**	12/31/2007	**12/31/2008**	12/31/2007
Segment assets	594,344	550,604	22,680	19,632	24,075	23,823	5,135	2,006	3,522	5,388	649,756	601,453
Segment liabilities (1)	575,396	527,555	22,971	19,609	24,408	24,535	5,160	2,006	3,417	5,328	631,352	579,033

(1) Segment liabilities correspond to total liabilities less consolidated equity.

Note 10 Contingent liabilities and commitments

10.1 Contingent liabilities and commitments

The amounts shown represent the nominal value of commitments given and received.

In millions of euros	**12/31/2008**	12/31/2007
Commitments given		
Financing commitments	59,690	63,558
- to credit institutions	*11,258*	*7,033*
- to customers	*48,432*	*56,525*
Guarantee commitments	143,850	106,544
- to credit institutions	*85,379*	*35,006*
- to customers	*58,471*	*41,224*
- given by CIFG		*30,314*
Commitments related to securities to be delivered	3,632	4,017
Commitments received		
Financing commitments	38,635	4,191
- from credit institutions	*38,274*	*4,050*
- from customers	*361*	*141*
Guarantee commitments	158,584	155,136
- from credit institutions	*30,804*	*41,987*
- from customers	*127,780*	*113,149*
Commitments related to securities to be received	1,893	3,858

Guarantee commitments given include off-balance sheet commitments as well as financial instruments provided as collateral.

Financial instruments provided as collateral particularly include receivables allocated as collateral under the refinancing arrangements described below.

10.2 Financial assets pledged as collateral

The following table discloses the carrying amount of financial assets provided as collateral for liabilities and contingent liabilities (such as securities sold under repurchase agreements and hold-in-custody repos) booked in various accounting categories.

In millions of euros	**12/31/2008**	12/31/2007
Equity instruments	1,953	1,414
Debt instruments	23,157	32,672
Loans and receivables	68,572	903
o/w BCE (TRICP)	*61,384*	
o/w SFEF	*3,101*	
o/w BEI	*3,551*	
Other financial assets	390	0
TOTAL	**94,072**	**34,989**

These financial assets were provided as collateral in connection with the following arrangements:

European Central Bank (ECB)

In order to guarantee the European Central Bank's refinancing operations, the CNCE, as a depository financial institution, is required to create a collateral pool.

Two types of collateral are involved:

- the transfer of receivables held either directly or by any Group entity, such as the individual Caisses d'Epargne, who have authorized the CNCE to transfer receivables in their name to the Banque de France (assignment of receivables under the Dailly Law mechanism);
- the pledging of securities which may have been previously borrowed or received under resale agreements.

Société de Financement de l'Economie Française (SFEF)

The SFEF is the refinancing company for the French banking sector and all of the bonds it issues are explicitly guaranteed by the French government.

Funds lent by the SFEF to French credit institutions are guaranteed through pledges of eligible receivables (consumer credit, real estate loans) and are repaid under normal market conditions.

As the central institution of Groupe Caisse d'Epargne, the CNCE represents the Group's interests vis-à-vis the SFEF and serves as the coordinating body for all the Group's beneficiary entities. The CNCE only fulfills the role of mandated representative and account keeper for the individual Caisses d'Epargne.

European Investment Bank (EIB)

Among the measures used by Groupe Caisse d'Epargne to optimize the financial conditions of the solutions offered to local authorities by its entities, funding is sought from the EIB, whose purpose is to support investments meeting the European Union's policy objectives.

Funds received from the EIB are divided among the Group's institutions, which are ultimately responsible for lending these funds to the beneficiaries. This funding is usually backed by guarantees in the form of assignments of receivables (i.e., loans to local authorities) under the Dailly Law mechanism.

Note 11 Other information

11.1 Fair value of financial assets and liabilities

The following table provides a breakdown of financial instruments by type of price and valuation model:

In millions of euros	Quoted price in an active market	Internal model using observable parameters	Internal model using non-observable parameters	**Fair value 12/31/2008**
ASSETS				
Financial assets at fair value through profit or loss - trading	20,261	66,983	1,187	88,431
Financial assets at fair value through profit or loss - fair value option	10,345	2,831	9,116	22,292
Available-for-sale financial assets	24,294	8,936	3,471	36,701
LIABILITIES				
Financial liabilities at fair value through profit or loss - trading	9,283	64,353	1,095	74,731
Financial liabilities at fair value through profit or loss - fair value option	11	26,447	333	26,791

As of December 31, 2007, this breakdown was as follows:

In millions of euros	Quoted price in an active market	Internal model using observable parameters	Internal model using non-observable parameters	**Fair value 12/31/2007**
ASSETS				
Financial assets at fair value through profit or loss - trading	29,028	31,106	2,873	63,007
Financial assets at fair value through profit or loss - fair value option	10,498	8,852	767	20,117
Available-for-sale financial assets	35,395	15,842	3,746	54,983
LIABILITIES				
Financial liabilities at fair value through profit or loss - trading	11,910	24,103	1,172	37,185
Financial liabilities at fair value through profit or loss - fair value option	2,184	24,360	44	26,588

Fair value determined on the basis of quoted prices is the fair value obtained on the measurement date, by direct reference to published prices in an active market to which the entity has access.

When fair value is determined using a valuation technique, its amount is calculated on the basis of non-observable parameters.

The measurement of observability relates to the valuation models used by the Group and the parameters used in connection with the valuation models.

Observability of valuation models used

A certain number of products, in particular derivatives, are valued using valuation models. The valuations obtained may rely either on observable parameters or on models recognized as market standards (i.e., whose valuation techniques are widely used) for the financial instrument in question. When one of these two conditions is not met, the valuation obtained will be considered as non-observable.

Observability of parameters used in valuation models

Mark-to-model valuations may be used for liquid markets. A parameter is defined as observable if it is non-proprietary (the data must originate with a source outside the entity), easily accessible (data must be readily available, for example, as provided by data supply services or contributions), regularly available, based either on a consensus or market transactions (either observed or by way of quoted prices constituting a commitment by the counterparty to trade).

The analysis of the observable nature of parameters relies on each of these sources individually or on any combination thereof.

Instruments whose fair value is measured using internal valuation models based on non-observable parameters are mainly securitization tranches classified in the categories "Financial assets designated through profit or loss at fair value" and "Available-for-sale financial assets", for which there is no quoted price in an active market. These instruments are often valued on the basis of prices established by contributors (e.g., those provided by structured financing specialists).

In addition, most structured derivatives are products whose fair value is determined by applying valuation techniques making use of non-observable parameters. In contrast, the fair value of plain vanilla derivatives (standard interest rate swaps, CMS or TECs, standard currency swaps and options, caps/floors, FRAs, index-linked credit derivatives) is determined using models recognized as market standards on the basis of observable parameters.

As of December 31, 2008, financial assets designated at fair value through profit or loss measured by reference to non-observable parameters notably included €7,807 million in structured loans to local authorities.

With respect to financial assets and liabilities held for trading, the impact on 2008 income of changes in fair value determined by reference to non-observable parameters is €475 million.

11.2 Information concerning finance leases

In millions of euros	**12/31/2008**	12/31/2007
Less than 1 year	1,354	891
Between 1 and 5 years	4,009	3,319
Over 5 years	2,973	3,574
Gross investment in finance leases, receivables by maturity	**8,336**	**7,784**
Less than 1 year	1,085	741
Between 1 and 5 years	3,247	2,732
Over 5 years	2,498	3,007
Present value of minimum lease payments	**6,830**	**6,480**
Unearned financial income	1,413	1,218
Unguaranteed residual value attributable to the lessor	93	86

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11.3 Related party transactions

For Groupe Caisse d'Epargne, related parties are considered to be all consolidated companies, including companies carried under the equity method, the Group's key management personnel, and the social housing companies in which the Group is the sole major shareholder.

11.3.1 Executive compensation

The Group's key management personnel are the members of the Management Board and Supervisory Board of the Caisse Nationale des Caisses d'Epargne, the central institution of Groupe Caisse d'Epargne.

Compensation paid in 2008 amounted to €7 million, allocated as shown in the table below across the categories specified in paragraph 16 of IAS 24:

In millions of euros	**2008**	2007
Short-term employee benefits	6	4
Post-employment benefits	1	1
Long-term employee benefits	-	-
Termination benefits	-	-
Share-based payments	-	-
TOTAL	**7**	**5**

Short-term benefits include compensation and benefits paid to members of the Management Board (basic compensation, remuneration in respect of their duties as corporate officers, benefits in kind, variable compensation and attendance fees), as well as attendance fees and other compensation paid to the members of the Supervisory Board.

Post-employment benefits include indemnities payable upon expiration of term of office and supplemental pension benefits provided by the special pension scheme for members of the Management Board of Caisse Nationale des Caisses d'Epargne.

Bonus shares were allocated in 2008 to the members of the Management Board of Caisse Nationale des Caisses d'Epargne, consisting of 8,000 Nexity shares and 99 Natixis shares following the capital increase in September 2008.

11.3.2 Intercompany transactions

As intercompagny transactions carried out during the period and balances outstanding at the end of the period with fully consolidated companies are eliminated in full on consolidation, the table below only provides data relative to the non-eliminated portion of intercompagny transactions concerning companies over which the Group exercises joint control (proportionally consolidated) and intercompany transactions with companies over which the Group exercises significant influence (equity-accounted).

The list of fully consolidated companies together with the Group's ownership interest is disclosed in the discussion of the Group's scope of consolidation *(see Note 12.4)*.

In millions of euros	12/31/2008 Proportionally consolidated companies	12/31/2008 Companies accounted for by the equity method	12/31/2007 Proportionally consolidated companies	12/31/2007 Companies accounted for by the equity method
Loans	9,832		6,988	
Other financial assets	8,097	491	3,573	491
Other assets	361		92	
TOTAL ASSETS WITH RELATED PARTIES	**18,290**	**491**	**10,653**	**491**
Payables	6,365		7,508	
Other financial liabilities	2,662		2,489	
Other liabilities	166		175	
TOTAL LIABILITIES WITH RELATED PARTIES	**9,193**	**0**	**10,172**	**0**
Interest and similar income and expense	(11)		261	
Commission income/expense	44	743	78	777
Net income from financial operations	444		(271)	
Net income from other activities	20		21	
TOTAL NET BANKING INCOME WITH RELATED PARTIES	**497**	**743**	**89**	**777**
Commitments given	7,520		12,403	
Commitments received	32,523		31,273	
Commitments on futures	116,099		105,619	

11.3.3 Relations with social housing undertakings

Groupe Caisse d'Epargne is a long-standing partner in the HLM social housing movement in France and a key player in the social housing production process. The Group acts as an operator (the leading privately owned bank involved in the construction of social housing which it finances in particular through Livret A deposits) and is one of the main distributors of state-sponsored rental accommodation loans (*prêts locatifs sociaux* and *prêts locatifs intermédiaires*). The Group is also the sole major shareholder in certain social housing undertakings.

In view of the economic substance of the Group's dealings with the social housing sector, where organizations are subject to specific regulations, some social housing undertakings have been classified as related parties.

Performance indicators for social housing undertakings

The following indicators are taken from the financial statements of social housing undertakings within which the Group is the only major shareholder (aggregate amounts).

Given the time usually required to publish accounting information in this business sector, figures are provided solely for 2007 and 2006 and were prepared in accordance with French generally accepted accounting principles.

In millions of euros	2007	2006
Revenue	712	690
Operating expenses	272	195
Interest expense and depreciation/amortization expense relating to the rental business, less investment grants taken to profit or loss	270	248
Net income	88	87
Equity (including investment grants)	1,283	1,190
Net cash flow from operations (cash flow from operations less maintenance expenses less principal repayments of rental loans)	96	73
Total assets	5,544	5,256
Total cash managed at end of year	433	446
Number of rental properties managed at end of year	134,248	132,789

Banking operations with social housing undertakings

In millions of euros	**2008**	2007
Loans outstanding	580	171
Deposit account balances	132	21
Amounts invested in mutual funds and securities by the Caisses d'Epargne	227	191
Financial income	13	0
Interest costs on investments	6	2

Note 12 Scope of consolidation

12.1 Changes in the scope of consolidation in 2008

In view of the Group's particular structure as described in Note 1, the consolidating entity of Groupe Caisse d'Epargne is the network of Caisses d'Epargne in metropolitan France and its central institution, the CNCE.

The merger process between individual Caisses d'Epargne begun in 2006 was completed in 2008. This process was designed to give the savings banks the requisite human and financial resources to step up the pace of their commercial development.

As of December 31, 2008, there were a total of 17 Caisses d'Epargne in Groupe Caisse d'Epargne:

- on April 11, 2008, the three Caisses d'Epargne based in the greater Paris region (Ile-de-France Ouest, Ile-de-France Nord and Ile-de-France Paris) were merged;
- on April 11, 2008, the Shareholders' Meetings of the Caisse d'Epargne de Bretagne and the Caisse d'Epargne Pays de la Loire approved the merger agreement creating the Caisse d'Epargne Bretagne-Pays de Loire;
- on June 2, 2008, the Shareholders' Meetings of the Caisse d'Epargne de Basse Normandie and the Caisse d'Epargne de Haute Normandie approved the merger agreement creating the Caisse d'Epargne Normandie.

These mergers between banks forming the consolidating entity have no impact on the Group's consolidated financial statements.

The main changes in the scope of consolidation in 2008 are presented below.

12.1.1 Commercial Banking division

Consolidation of Banque Tuniso-Koweitienne

Banque Tuniso-Koweitienne has been fully consolidated by the Group since January 2008, following the acquisition of a 60% stake for a total of €172 million. As a result of the acquisition, the Group recognized €102 million in goodwill, representing the difference between the purchase price and the fair value of the assets and liabilities acquired (€70 million).

Change in ownership interest in Crédit Foncier

As the CNCE opted to settle its Crédit Foncier dividend in shares, the Group's interest in this entity increased from 84.97% as of December 31, 2007 to 85.85% as of December 31, 2008. This did not have a material impact on the Group's consolidated financial statements.

Exercise of the put option on Banque Palatine shares by Intesa Sanpaolo

On March 31, 2008, the CNCE acquired Intesa Sanpaolo's residual 36.66% interest in Banque Palatine for an amount of €367 million. In view of the existing reciprocal commitments, the impact of the acquisition had already been recognized in the Group's consolidated financial statements. As a result, this transaction does not affect the Group's goodwill, retained earnings, or minority interests.

12.1.2 Real Estate Services division

Agreements between Groupe Caisse d'Epargne and Maisons France Confort

On March 31, 2008, GCE Foncier Coinvest, 51%-owned by the CNCE, with the remainder held by its subsidiary Crédit Foncier, acquired a 49% stake in MFC PI, the holding company controlling the Maisons France Confort group.

Under the terms of the associated shareholders' agreement, Groupe Caisse d'Epargne exercises significant influence over MFC PI. Consequently, this entity is accounted for by the equity method in the Group's consolidated financial statements. The €61 million difference between the fair value of assets and liabilities acquired (€28 million) and the purchase price (€89 million) was recorded as goodwill in the balance sheet and was included in the amount recognized under the equity method.

Acquisition of an additional stake in Iselection

Nexity acquired an additional 46% stake in Iselection, in which it already held an ownership interest of 34%. Including commitments to buy back the remaining 20% minority interest, goodwill recognized for this transaction amounted to €108 million (for an acquisition cost of €128 million).

12.1.3 Insurance division

Agreement with Macif and MAIF concerning GCE Assurances

On May 14, 2008, the CNCE signed an agreement to sell 40% of GCE Assurances to Macif and MAIF. The Group's stake in GCE Assurances is now 60% and the dilution gain amounts to €25 million.

12.1.4 Natixis

Change in ownership interest in Natixis

The overall impact of CNCE's option to settle its Natixis dividend in shares, the capital increase during the third quarter of the year, and the equity investments carried out in the fourth quarter in the total amount of nearly €42 million was an increase in the Group's ownership interest in Natixis from 34.66% as of December 31, 2007 to 35.78% as of December 31, 2008. These transactions resulted in the recognition in the income statement (under the item "Changes in value of goodwill") of a negative amount of €127 million.

Transfer of certain Natixis businesses to CACEIS

Natixis transferred its depositary (custodian and issuer services for institutional customers), fund administration, operations management, and reporting businesses to CACEIS, a subsidiary of Natixis and Crédit Agricole SA. The transfer does not alter Natixis' ownership interest in CACEIS, which remains at 50%. As a result of the transfer, a gain was recognized on non-current assets for €37 million.

12.1.5 Other activities

Deconsolidation of CIFG

As discussed in Note 1.3.3, CIFG is no longer included in the scope of consolidation.

12.2 Securitization transactions and commitments relating to securitization transactions

Securitization is a financing arrangement designed to enhance balance sheet liquidity. From a technical perspective, assets to be securitized are grouped according to the quality of the associated collateral or guarantees, and sold to special purpose entities that finance their acquisition by issuing securities underwritten by investors.

Entities created specifically for this purpose are not consolidated when the Group does not exercise control. Control is assessed based on the interpretation provided in SIC 12.

Crédit Foncier

The Crédit Foncier group carries out securitization transactions as part of its asset-liability management proprietary trading activities in order to obtain refinancing on the market under favorable terms. This refinancing is organized by two specialized subsidiaries: Compagnie de Financement Foncier and Vauban Mobilisations Garanties.

The following table shows assets that are transferred but not fully or partially derecognized:

In millions of euros	Nature of asset	Year of inception	Maturity	Face value at inception	Balance as of 12/31/2008
1 - Refinancing VMG					
Partimmo 06/2000	Mortgages	06/30/2000	July 2019	1,847	297
Partimmo 10/2001	Mortgages	10/29/2001	October 2035	1,664	402
Partimmo 07/2002	Mortgages	07/10/2002	July 2039	1,222	375
Partimmo 10/2002	Mortgages	11/12/2002	January 2022	707	214
Partimmo 05/2003	Mortgages	06/11/2003	July 2021	987	406
Partimmo 11/2003	Mortgages	11/12/2003	March 2029	1,045	437
Sub-total Partimmo				**7,472**	**2,131**
Zèbre 1	Mortgages	11/25/2004	October 2031	1,173	514
Zèbre 2	Mortgages	10/28/2005	July 2024	739	408
Zèbre 2006-1	Mortgages	11/28/2006	January 2046	688	504
Zèbre 2008-1	Mortgages	11/13/2008	December 2055	3,180	2,972
Sub-total Zèbre				**5,780**	**4,398**
Total				**13,252**	**6,529**
2 - Refinancing SCF					
Antilope 1	Mortgages	09/20/2004	September 2041	1,230	671
Antilope 2	Mortgages	09/23/2005	March 2044	1,752	1,142
Total				**2,982**	**1,813**
GRAND TOTAL				**16,234**	**8,342**

Natixis

Natixis uses specific vehicles to set up securitization arrangements on behalf of customers and investors.

As of December 31, 2008, Natixis had granted liquidity lines to three such vehicles (Versailles, Elixir Funding and Nacréa) totaling €3.5 billion (€1.25 billion based on Groupe Caisse d'Epargne's ownership interest).

A liquidity line in the amount of €2.8 billion (€1 billion based on Groupe Caisse d'Epargne's ownership interest) was also granted to a vehicle (Hudson Castle) in which Natixis participates as a co-sponsor.

In addition, Natixis has granted liquidity lines to several funds arranged by third parties (Landale, LMA SA, Thesee, Eureka, Victory Receivables Chase, Banca Pop Dell Adige, Northwest and Cedulas) for a total amount of €1.4 billion (€0.5 billion based on Groupe Caisse d'Epargne's ownership interest).

As of December 31, 2008, none of these vehicles was consolidated as Natixis did not exercise control over the entities and was not exposed to substantially all the risks and rewards of ownership of the securitized assets.

12.3 Guaranteed mutual funds

Guaranteed mutual funds are designed to reach a specific amount at the end of a given period, determined by applying a predefined calculation formula based on financial market indicators and, where appropriate, to distribute revenues derived from the investments as determined using the same methods. The portfolio management targets of these funds are guaranteed by a credit institution.

Based on an analysis of the substance of these funds in accordance with SIC 12, the Group cannot be regarded as holding substantially all the risks and rewards of ownership. Consequently, these entities are not consolidated.

12.4 Scope of consolidation as of December 31, 2008

Consolidating entities
Caisse d'Epargne Alsace
Caisse d'Epargne Aquitaine Poitou-Charentes
Caisse d'Epargne d'Auvergne et du Limousin
Caisse d'Epargne de Bourgogne Franche-Comté
Caisse d'Epargne Bretagne-Pays de Loire (1)
Caisse d'Epargne Côte d'Azur
Caisse d'Epargne Ile-de-France (2)
Caisse d'Epargne Languedoc-Roussillon
Caisse d'Epargne Loire-Centre
Caisse d'Epargne Loire Drôme Ardèche
Caisse d'Epargne Lorraine Champagne-Ardenne
Caisse d'Epargne de Midi-Pyrénées
Caisse d'Epargne Nord France Europe
Caisse d'Epargne Normandie (3)
Caisse d'Epargne de Picardie
Caisse d'Epargne Provence-Alpes-Corse
Caisse d'Epargne Rhône Alpes
Caisse Nationale des Caisses d'Epargne et de Prévoyance

(1) Merger of Caisse d'Epargne de Bretagne and Caisse d'Epargne des Pays de la Loire during the first half of 2008.
(2) Merger of Caisse d'Epargne Ile-de-France Nord, Caisse d'Epargne Ile-de-France Ouest and Caisse d'Epargne Ile-de-France Paris during the first half of 2008.
(3) Merger of Caisse d'Epargne de Basse Normandie and Caisse d'Epargne de Haute Normandie during the first half of 2008.

Consolidated entities	Note [(2)]	Method [(1)]	% consolidation	% interest	Country
Caisses d'Epargne subsidiaries					
Auto Location Toulouse		Full	100.00%	100.00%	France
Banque BCP S.A.S.		Full	100.00%	80.10%	France
Batimap		Full	100.00%	92.63%	France
Batimur		Full	100.00%	97.05%	France
Batiroc Bretagne Pays de Loire [(3)]		Full	100.00%	99.97%	France
Beaulieu Immo		Full	100.00%	100.00%	France
Capitole Finance [(3)]		Full	100.00%	100.00%	France
CE BIM	1	Full	100.00%	100.00%	France
CELIMMO SARL	1	Full	100.00%	100.00%	France
Centre de relation client Direct Ecureuil Bourgogne Franche-Comté	1	Full	100.00%	100.00%	France
Ecureuil Lease		Full	100.00%	99.95%	France
Ecureuil Négoce		Full	100.00%	100.00%	France
Ecureuil Service		Full	100.00%	100.00%	France
Expanso [(3)]		Full	100.00%	91.16%	France
Expanso Investissements		Full	100.00%	99.55%	France
GCE Car Lease		Full	100.00%	100.00%	France
GIE Direct Ecureuil Interloire		Full	100.00%	100.00%	France
SCI Tournon		Full	100.00%	100.00%	France
Sebadour [(3)]		Full	100.00%	80.41%	France
Sodero		Full	100.00%	100.00%	France
Sorepar		Full	100.00%	100.00%	France
Sud-Ouest Bail [(3)]		Full	100.00%	91.16%	France
Tofinso Investissements		Full	100.00%	100.00%	France
IT technical centers and software houses					
Arpège Investissement		Full	100.00%	100.00%	France
CNETI	2	-	-	-	-
GCE Technologies	2	-	-	-	-
GEMO RSI	2	-	-	-	-
GIE Business Services		Full	100.00%	100.00%	France
GCE Technologie (formely GIRCE Ingénierie) [(3)]		Full	100.00%	98.96%	France
GIRCE Stratégie	2	-	-	-	-
SED Arpège	2	-	-	-	-
SED RSI	2	-	-	-	-
Vivalis Investissements		Full	100.00%	100.00%	France

(1) Consolidation method, Full: full consolidation, Prop: proportional consolidation, Equity: equity method.
(2) Changes in the scope of consolidation in 2008:
1 - first-time consolidation;
2 - merged;
3 - deconsolidated;
4 - change in consolidation method.
(3) Companies for which the individual monitoring and supervision of solvency ratios is performed in the context of the Group's consolidated monitoring and supervision of its solvency ratios, pursuant to the provisions of Articles 4.1 and 4.2 of CRBF Regulation 2000-03.

Consolidated entities	Note [2]	Method [1]	% consolidation	% interest	Country
Banque Palatine group					
Banque Palatine		Full	100.00%	98.82%	France
ARIES Assurances	1	Full	100.00%	98.82%	France
Banque Fiducial	1	Equity	40.00%	39.53%	France
Banque Michel Inchauspé		Equity	20.00%	19.76%	France
Conservateur Finance		Equity	20.00%	19.76%	France
GERERS2E	1	Full	100.00%	98.82%	France
Palatine Asset Management		Full	100.00%	98.82%	France
Socavie SNC	2	-	-	-	-
Thiriet Gestion	3	-	-	-	-
Trust Mission	1	Equity	33.37%	33.37%	France
Océor group					
Financière Océor		Full	100.00%	100.00%	France
ALYSEOR		Full	100.00%	98.00%	France
Banque de la Réunion [3]		Full	100.00%	87.99%	France
Banque de Nouvelle-Calédonie [3]		Full	100.00%	95.99%	France
Banque de Tahiti [3]		Full	100.00%	95.95%	France
Banque des Antilles Françaises [3]		Full	100.00%	99.22%	France
Banque des Iles Saint-Pierre-et-Miquelon [3]		Full	100.00%	98.31%	France
Banque des Mascareignes		Full	100.00%	100.00%	Mauritius
Banque Tuniso-Koweitienne (group)	1	Full	100.00%	60.00%	Tunisia
BCP Luxembourg		Full	100.00%	80.10%	Luxembourg
Caisse d'Epargne de Nouvelle-Calédonie [3]		Full	100.00%	100.00%	France
Crédit Immobilier Hôtelier (group) [3]		Equity	23.45%	23.45%	Morocco
Crédit Saint-Pierrais	4	Full	100.00%	53.41%	France
Fransabank (France) SA		Equity	40.01%	40.01%	France
GCE Maroc		Full	100.00%	100.00%	Morocco
GCE Maroc Immobilier (group)		Full	100.00%	100.00%	Morocco
GIE Océor Informatique		Full	100.00%	97.50%	France
INGEPAR		Full	100.00%	100.00%	France
Massira Capital Management		Equity	35.00%	35.00%	Morocco
Océor Lease		Full	100.00%	100.00%	France
Océor Lease Nouméa [3]		Full	100.00%	91.79%	France
Océor Lease Réunion [3]		Full	100.00%	100.00%	France
Océor Lease Tahiti [3]		Full	100.00%	97.37%	France
Océor Participations	1	Full	100.00%	100.00%	France
Océorane		Full	100.00%	100.00%	France
Société Havraise Calédonienne		Full	100.00%	88.15%	France

Consolidated entities	Note [2]	Consolidation method [1]	% consolidation	% interest	Country
Crédit Foncier group					
Crédit Foncier de France		Full	100.00%	85.85%	France
Banco Primus	4	Full	100.00%	72.97%	France
CFCAL Banque [3]		Full	100.00%	58.56%	France
CFCAL SCF [3]		Full	100.00%	58.56%	France
Cicobail [3]		Full	100.00%	85.53%	France
Cinergie [3]		Full	100.00%	85.53%	France
Cofimab		Full	100.00%	85.85%	France
Compagnie de Financement Foncier [3]		Full	100.00%	85.85%	France
Compagnie Financière de Garantie - CFG [3]		Full	100.00%	85.84%	France
Compagnie Foncière de Crédit [3]		Full	100.00%	85.85%	France
Ecufoncier		Full	100.00%	99.29%	France
Environnement titrisation Entenial		Full	100.00%	85.85%	France
Financière Desvieux		Full	100.00%	85.84%	France
Foncier Expertise		Full	100.00%	85.80%	France
Foncier Participations		Full	100.00%	85.85%	France
Foncière d'Evreux		Full	100.00%	85.85%	France
Gramat Balard		Full	100.00%	85.85%	France
Locindus [3]		Full	100.00%	58.20%	France
Picardie Bail [3]	2	-	-	-	-
Quatrinvest		Full	100.00%	85.85%	France
Securitised Instantly Repackaged Perpetuals	1	Full	100.00%	85.85%	Ireland
Serexim		Full	100.00%	85.85%	France
Sipari		Full	100.00%	85.84%	France
Socfim [3]		Full	100.00%	85.84%	France
Socfim Participations immobilières		Full	100.00%	85.84%	France
Socfim Transaction		Full	100.00%	85.84%	France
Vendôme Investissements		Full	100.00%	85.84%	France
VMG		Full	100.00%	85.83%	France
Other real estate subsidiaries					
Eurosic Sicomi SA		Full	100.00%	32.37%	France
GCE Foncier CO Invest	1	Full	100.00%	93.06%	France
GCE Habitat		Full	100.00%	100.00%	France
GCE SEM		Full	100.00%	100.00%	France
Maisons France Confort P-I	1	Equity	49.00%	45.60%	France
Meilleurtaux		Full	100.00%	61.01%	France
Mifcos		Full	100.00%	100.00%	France
Nexity (group) [A]		Full	100.00%	39.52%	France
Oterom Holding		Full	100.00%	63.17%	France
SACOGIVA		Equity	45.00%	45.00%	France

(A) The Nexity group comprises approximately 1,650 entities, details of which may be found in Nexity's registration document.

Consolidated entities	Note [2]	Consolidation method [1]	% consolidation	% interest	Country
SAS Foncière des Caisses d'Epargne		Full	100.00%	100.00%	France
SAS Foncière Ecureuil		Full	100.00%	100.00%	France
SAS Foncière Ecureuil 2		Full	100.00%	78.40%	France
SAS PAV Immobilier	1	Full	100.00%	100.00%	France
SCI Foncière 1		Full	100.00%	100.00%	France
SCI Foncière 2		Full	100.00%	100.00%	France
SNC SEI Logement		Full	100.00%	100.00%	France
SNC SEI Tertiaire		Full	100.00%	99.86%	France
Société Européenne d'Investissement		Full	100.00%	100.00%	France
SOGIMA		Equity	55.99%	55.99%	France
Vectrane	3	-	-	-	France
Holassure group					
Holassure		Full	100.00%	100.00%	France
Sopassure		Prop	49.98%	49.98%	France
CNP Assurances (group)		Equity	15.76%	15.76%	France
Other entities					
Compagnie IXIS Financial Garantie - CIFG	3	-	-	-	-
CSF-GCE	1	Full	100.00%	99.96%	France
GCE Achat		Full	100.00%	92.74%	France
GCE APS	1	Full	100.00%	80.00%	France
GCE Assurances (formely Ecureuil Assurances IARD)		Full	100.00%	60.00%	France
GCE Capital	1	Full	100.00%	100.00%	France
GCE Courtage	1	Full	100.00%	100.00%	France
GCE Covered Bonds [3]	1	Full	100.00%	99.29%	France
GCE Distribution		Full	100.00%	91.22%	France
GCE Newtec		Full	100.00%	100.00%	France
GCE Paiements		Full	100.00%	100.00%	France
GCE Participations		Full	100.00%	100.00%	France
GIE GCE Garantie	1	Full	100.00%	99.96%	France
Muracef		Full	100.00%	100.00%	France
SASU IGCE	1	Full	100.00%	100.00%	France
SNC Participations Ecureuil		Full	100.00%	100.00%	France
Surassur		Full	100.00%	83.44%	France
Dedicated mutual funds of the Caisses d'Epargne network					
Fonds Delessert	1	Full	100.00%	100.00%	France
Midi Pyrénées Placement		Full	100.00%	100.00%	France
OPCI Actifs Immos Placement	1	Full	100.00%	100.00%	France
Primactions		Full	100.00%	100.00%	France
SPPICAV AEW Foncière des Caisses d'Epargne	1	Full	100.00%	100.00%	France

Consolidated entities	Note [2]	Consolidation method [1]	% consolidation	% interest	Country
Natixis group					
Natixis		Prop	35.78%	35.78%	France
Banque Populaire Alsace		Equity	7.16%	7.16%	France
Banque Populaire Atlantique		Equity	7.16%	7.16%	France
Banque Populaire Bourgogne Franche-Comté		Equity	7.16%	7.16%	France
Banque Populaire Centre Atlantique		Equity	7.16%	7.16%	France
Banque Populaire de la Côte d'Azur		Equity	7.16%	7.16%	France
Banque Populaire de Loire et du Lyonnais		Equity	7.16%	7.16%	France
Banque Populaire de l'Ouest		Equity	7.16%	7.16%	France
Banque Populaire des Alpes		Equity	7.16%	7.16%	France
Banque Populaire du Massif Central		Equity	7.16%	7.16%	France
Banque Populaire du Nord		Equity	7.16%	7.16%	France
Banque Populaire du Sud		Equity	7.16%	7.16%	France
Banque Populaire du Sud-Ouest		Equity	7.16%	7.16%	France
Banque Populaire Lorraine Champagne		Equity	7.16%	7.16%	France
Banque Populaire Occitane		Equity	7.16%	7.16%	France
Banque Populaire Provençale et Corse		Equity	7.16%	7.16%	France
Banque Populaire Rives de Paris		Equity	7.16%	7.16%	France
Banque Populaire Val de France		Equity	7.16%	7.16%	France
BRED - Banque Populaire		Equity	7.16%	7.16%	France
CASDEN - Banque Populaire		Equity	7.16%	7.16%	France
Crédit Coopératif		Equity	7.16%	7.16%	France
11 West Division LLC	3	-	-	-	-
ADIR		Equity	12.16%	12.16%	Lebanon
Assurances Banque Populaire Actions		Prop	35.78%	35.15%	France
Assurances Banque Populaire Croissance Rendement		Prop	35.78%	35.26%	France
Assurances Banque Populaire IARD		Equity	17.86%	17.86%	France
Assurances Banque Populaire MIDCAP		Prop	35.78%	35.78%	France
Assurances Banque Populaire Prévoyance		Prop	35.78%	35.78%	France
Assurances Banque Populaire Vie		Prop	35.78%	35.78%	France
Banque Privée St Dominique [3]		Prop	35.78%	35.78%	France
Bedford Oliver Funding LLC		Prop	35.78%	35.78%	United States
Bloom Asset Holdings Fund PLC		Prop	35.78%	35.78%	Ireland
BP Développement		Prop	35.78%	6.73%	France
BPSD Gestion		Prop	35.78%	35.77%	France
CACEIS (group) [A]		Prop	17.89%	17.89%	France
Califano Investments Ltd		Prop	35.78%	35.78%	Malta
Casanli		Prop	17.89%	17.89%	Luxembourg
CDC Holding Trust		Prop	35.78%	35.78%	United States
CLEA2	3	-	-	-	-

(A) The CACEIS group comprises 21 entities, details of which may be found in Natixis' registration document.

Consolidated entities	Note (2)	Consolidation method (1)	% consolidation	% interest	Country
CM REO Holding Trust	1	Prop	35.78%	35.78%	United States
Coface (group) (A)		Prop	35.78%	35.78%	France
Dhalia A Sicar SCA		Prop	35.78%	35.78%	Luxembourg
Dupont-Denant Contrepartie		Prop	35.78%	17.89%	France
EDF Investissement Groupe		Prop	5.37%	5.37%	Belgium
EDVAL C Investments Ltd		Prop	35.78%	35.78%	United Kingdom
Emerging Markets Global Strategies II Ltd	1	Prop	35.78%	35.78%	Cayman Islands
Emerging Markets Global Strategies Ltd	1	Prop	35.78%	35.78%	Cayman Islands
FCPR IXEN I		Prop	35.78%	31.49%	France
FCPR IXEN II		Prop	35.78%	30.16%	France
FCPR IXEN III	1	Prop	35.78%	35.52%	France
FILI SA		Prop	35.78%	35.78%	Luxembourg
Financière Natexis Singapore		Prop	35.78%	35.78%	Singapore
Finatem		Prop	35.78%	35.78%	Germany
FNS2		Prop	35.78%	35.78%	Singapore
FNS3		Prop	35.78%	35.78%	Singapore
FNS4		Prop	35.78%	32.76%	Singapore
FNS5	1	Prop	35.78%	35.78%	Singapore
Foncier Assurance		Prop	35.78%	21.47%	France
Foncière Kupka	3	-	-	-	-
Fructibail (3)		Prop	35.78%	35.78%	France
Fructibail Invest		Prop	35.78%	35.78%	France
Fructicomi (3)		Prop	35.78%	35.78%	France
Fructifoncier		Prop	35.78%	35.78%	France
Garbo Invest		Prop	35.78%	35.78%	Luxembourg
GCE Bail (3)		Prop	35.78%	35.75%	France
Gestitres	2	-	-	-	-
Guava CDO Ltd		Prop	35.78%	35.78%	Jersey
Gulf Capital Luxembourg	3	-	-	-	-
Initiative et Finance Investissement		Prop	35.78%	25.37%	France
IXIS Alternative Holding Ltd		Prop	35.78%	35.78%	United Kingdom
IXIS CMNA (Australia) (No. 2) LLC		Prop	35.78%	35.78%	United States
IXIS CMNA (Australia) (No. 2) SCA		Prop	35.78%	35.78%	Luxembourg
IXIS CMNA (Australia) Acceptances (No. 1) Inc.	3	-	-	-	-
IXIS CMNA (Australia) Acceptances (No. 2) Inc.	3	-	-	-	-
IXIS CMNA (Australia) Funding (No. 1) Pty Ltd	3	-	-	-	-
IXIS CMNA (Australia) Funding (No. 2) Pty Ltd	3	-	-	-	-
IXIS CMNA (Australia) Holdings (No. 2) Inc.		Prop	35.78%	35.78%	United States
IXIS CMNA (Australia) Holdings Inc.		Prop	35.78%	35.78%	United States
IXIS CMNA (Australia) Participations (No. 1) Inc.	3	-	-	-	-

(A) The Coface group comprises 57 entities, details of which may be found in Natixis' registration document.

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Consolidated entities	Note [2]	Consolidation method [1]	% consolidation	% interest	Country
IXIS CMNA (Australia) Participations (No. 2) Inc.	3	-	-	-	-
IXIS CMNA Acceptances LLC		Prop	35.78%	35.78%	United States
IXIS CMNA International Holdings Inc.		Prop	35.78%	35.78%	United States
IXIS CMNA International Participations (No. 1) LLC	3	-	-	-	-
IXIS CMNA IP Assets Holdings (Luxembourg)		Prop	35.78%	35.78%	Luxembourg
IXIS Hawai Special Member LLC		Prop	35.78%	35.78%	United States
IXIS Loan Funding I LLC		Prop	35.78%	35.78%	United States
IXIS LT Investor LLC		Prop	35.78%	35.78%	United States
IXIS Manzano Special Member LLC	3	-	-	-	-
IXIS Municipal Products Inc. Saratoga Series 2004-2 Trust	3	-	-	-	-
IXIS Municipal Products Inc. Saratoga Series 2004-4 Trust	3	-	-	-	-
IXIS Municipal Products Inc. Saratoga Series 2005-7 Trust	3	-	-	-	-
IXIS Municipal Products Inc. Saratoga Series 2004-9 Trust	3	-	-	-	-
IXIS Municipal Products Inc. Saratoga Series 2005-12 Trust	3	-	-	-	-
IXIS Municipal Products Inc. Saratoga Series 2005-19 Trust	3	-	-	-	-
IXIS Municipal Products Inc. Saratoga Series 2005-20 Trust	3	-	-	-	-
IXIS Municipal Products Inc. Saratoga Series 2005-21 Trust	3	-	-	-	-
IXIS Municipal Products Inc. Saratoga Series 2005-23 Trust	3	-	-	-	-
IXIS Municipal Products Inc. Saratoga Series 2005-24 Trust	3	-	-	-	-
IXIS SP S.A. Compartiment Prévie		Prop	35.78%	35.78%	Luxembourg
IXIS Strategic Investments Corp.		Prop	35.78%	35.78%	United States
JP Morgan Trust FLHSP	3	-	-	-	-
JP Morgan Trust FLHSP1	3	-	-	-	-
JP Morgan Trust FLNJTPK	3	-	-	-	-
JP Morgan Trust FLUNV	3	-	-	-	-
JP Morgan Trust MASPL	3	-	-	-	-
JP Morgan Trust PRHGH	3	-	-	-	-
JP Morgan Trust TXUNV	3	-	-	-	-
La Compagnie 1818 - Banquiers Privés (group) [3] [A]		Prop	35.78%	35.03%	France
Lime CDO Ltd		Prop	35.78%	35.78%	Jersey
Mango CDO Ltd	3	-	-	-	-
Mercosul		Prop	35.78%	33.48%	United Kingdom
Natexis ABM Corp. LLC		Prop	35.78%	35.78%	United States

(A) The group La Compagnie 1818 - Banquiers Privés comprises six entities, details of which may be found in Natixis' registration document.

Consolidated entities	Note [2]	Consolidation method [1]	% consolidation	% interest	Country
Natexis Actions Capital Structurant		Prop	35.78%	26.73%	France
Natexis AMBS Company LLC	3	-	-	-	-
Natexis Banques Populaires Invest		Prop	35.78%	35.78%	France
Natexis Banques Populaires Preferred Capital I		Prop	35.78%	0.00%	United States
Natexis Banques Populaires Preferred Capital II		Prop	35.78%	0.00%	United States
Natexis Banques Populaires Preferred Capital III		Prop	35.78%	0.00%	United States
Natexis Cape		Prop	35.78%	33.91%	Luxembourg
Natexis Commodity Markets Ltd		Prop	35.78%	35.78%	United Kingdom
Natexis Funding USA LLC		Prop	35.78%	35.78%	United States
Natexis Industrie FCPR		Prop	35.78%	27.92%	France
Natexis Inversiones SL		Prop	35.78%	29.02%	Spain
Natexis Investment Corp.		Prop	35.78%	35.77%	United States
Natexis Private Equity International Singapore		Prop	35.78%	35.78%	Singapore
Natexis Private Equity Opportunities		Prop	35.78%	34.92%	France
Natexis US Finance Corporation		Prop	35.78%	35.78%	United States
Natinium Financial Products		Prop	35.78%	35.78%	Ireland
Natixis ABM Corp.		Prop	35.78%	35.78%	United States
Natixis Algérie		Prop	35.78%	35.78%	Algeria
Natixis Altaïr	2	-	-	-	-
Natixis Altaïr IT Share Services	1	Prop	35.78%	35.77%	France
Natixis Alternative Investments International SA		Prop	35.78%	35.78%	Luxembourg
Natixis Alternative Investments Ltd		Prop	35.78%	35.78%	United Kingdom
Natixis Arbitrage	3	-	-	-	-
Natixis Asia Ltd		Prop	35.78%	35.78%	Hong Kong
Natixis Asset Finance Inc.	3	-	-	-	-
Natixis Assurances		Prop	35.78%	35.78%	France
Natixis Australia Pty Ltd	1	Prop	35.78%	35.78%	Australia
Natixis Bail [3]		Prop	35.78%	35.78%	France
Natixis Belgique Investissements		Prop	35.78%	35.78%	Belgium
Natixis Bleichroeder Inc.		Prop	35.78%	35.78%	United States
Natixis Capital Arranger Corp.		Prop	35.78%	35.78%	United States
Natixis Capital Markets Inc.		Prop	35.78%	35.78%	United States
Natixis Coficine [3]		Prop	35.78%	33.76%	France
Natixis Commercial Paper Corp.		Prop	35.78%	35.78%	United States
Natixis Consumer Finance		Prop	35.78%	35.78%	France
Natixis Consumer Finance IT		Prop	35.78%	35.78%	France
Natixis Corporate Solutions (Asia) Pte Ltd		Prop	35.78%	35.78%	Singapore
Natixis Corporate Solutions Ltd		Prop	35.78%	35.78%	Ireland
Natixis Derivatives Inc.		Prop	35.78%	35.78%	United States
Natixis Energeco [3]		Prop	35.78%	35.78%	France

Consolidated entities	Note [2]	Consolidation method [1]	% consolidation	% interest	Country
Natixis Environnement et Infrastructures		Prop	35.78%	35.78%	France
Natixis Finance		Prop	35.78%	35.78%	France
Natixis Financement [3]		Prop	35.78%	23.97%	France
Natixis Financial Products Inc.		Prop	35.78%	35.78%	United States
Natixis Foncière (formerly Spafica)		Prop	35.78%	35.77%	France
Natixis Funding [3]		Prop	35.78%	35.77%	France
Natixis Funding Corp.		Prop	35.78%	35.78%	United States
Natixis Garanties (group) [3] [A]		Prop	35.78%	35.78%	France
Natixis Global Asset Management (group) [B]		Prop	35.78%	31.72%	France
Natixis Immo Développement		Prop	35.78%	35.77%	France
Natixis Immo Exploitation		Prop	35.78%	35.78%	France
Natixis Innov		Prop	35.78%	35.78%	France
Natixis Interepargne [3]		Prop	35.78%	35.78%	France
Natixis Intertitres		Prop	35.78%	35.75%	France
Natixis Investissement		Prop	35.78%	29.93%	France
Natixis Investment Management Corp.		Prop	35.78%	35.78%	United States
Natixis Investor Servicing	3	-	-	-	-
Natixis Lease [3]		Prop	35.78%	35.78%	France
Natixis Lease Madrid		Prop	35.78%	35.78%	Spain
Natixis Lease Milan		Prop	35.78%	35.78%	Italy
Natixis Life		Prop	35.78%	35.78%	Luxembourg
Natixis LLD		Prop	35.78%	35.77%	France
Natixis Luxembourg		Prop	35.78%	35.78%	Luxembourg
Natixis Luxembourg Investissements		Prop	35.78%	35.78%	Luxembourg
Natixis Malta Investments Ltd		Prop	35.78%	35.78%	Malta
Natixis Marco		Prop	35.78%	35.78%	France
Natixis Moscow		Prop	35.78%	35.78%	Russia
Natixis Municipal Products Inc.		Prop	35.78%	35.78%	United States
Natixis North America Inc.		Prop	35.78%	35.78%	United States
Natixis Paiements [3]		Prop	35.78%	35.78%	France
Natixis Participations 1 (formely NXBP1)		Prop	35.78%	35.78%	France
Natixis Participations Holding Inc.	3	-	-	-	-
Natixis Participations No. 1 Inc.	3	-	-	-	-
Natixis Pramex France - Paris		Prop	35.78%	35.06%	France
Natixis Pramex Gmbh - Frankfurt		Prop	35.78%	35.45%	Germany
Natixis Pramex International		Prop	35.78%	35.45%	France
Natixis Pramex International - Madrid		Prop	35.78%	35.45%	Spain
Natixis Pramex International - Milan		Prop	35.78%	33.99%	Italy

(A) The group Natixis Garanties comprises five entities, details of which may be found in Natixis' registration document.

(B) The group Natixis Global Asset Management comprises 108 entities, details of which may be found in Natixis' registration document.

Consolidated entities	Note [2]	Consolidation method [1]	% consolidation	% interest	Country
Natixis Pramex International - Tunis		Prop	35.78%	35.45%	Tunisia
Natixis Pramex International AP Ltd - Hong Kong		Prop	35.78%	35.45%	Honk Hong
Natixis Pramex International Corp. - New York		Prop	35.78%	35.45%	United States
Natixis Pramex International do Brasil - Sao Paulo		Prop	35.78%	35.45%	Brazil
Natixis Pramex International Inc. - Montreal		Prop	35.78%	35.45%	Canada
Natixis Pramex International Ltd - London		Prop	35.78%	35.45%	United Kingdom
Natixis Pramex International Sarlau - Casablanca		Prop	35.78%	35.45%	Morocco
Natixis Pramex International SP Z0.0 - Warsaw		Prop	35.78%	35.45%	Poland
Natixis Pramexrus - Moscow		Prop	35.78%	35.45%	Russia
Natixis Private Banking		Prop	35.78%	35.78%	France
Natixis Private Banking International		Prop	35.78%	35.78%	Luxembourg
Natixis Private Equity		Prop	35.78%	35.78%	France
Natixis Private Equity International		Prop	35.78%	35.78%	France
Natixis Private Equity International Luxembourg	1	Prop	35.78%	35.78%	Luxembourg
Natixis Real Estate Capital Inc.		Prop	35.78%	35.78%	United States
Natixis Securities [3]		Prop	35.78%	35.78%	France
Natixis Securities North America Inc.		Prop	35.78%	35.78%	United States
Natixis Securitization Corp.		Prop	35.78%	35.78%	United States
Natixis Strutured Products Ltd		Prop	35.78%	35.78%	Jersey
Natixis Transport Finance [3]		Prop	35.78%	35.78%	France
Natixis Venture Selection		Prop	35.78%	35.78%	France
Naxicap Partners		Prop	35.78%	35.77%	France
NEM 2		Prop	35.78%	35.71%	France
Nexgen Capital Ltd		Prop	35.78%	35.78%	Ireland
Nexgen Financial Holdings Ltd		Prop	35.78%	35.78%	Ireland
Nexgen Mauritius Ltd		Prop	35.78%	35.78%	Mauritius
Nexgen Reinsurance Ltd		Prop	35.78%	35.78%	Ireland
NH Philadelphia Property LP	1	Prop	35.78%	35.78%	United States
OPCI Natixis Lease Investment	1	Prop	35.78%	35.78%	France
Opéra Sentier SAS	3	-	-	-	-
PAR Fund GP LLC	3	-	-	-	-
Parallel Absolute Return Fund LP	3	-	-	-	-
Parallel Absolute Return Fund Ltd	3	-	-	-	-
Parallel Absolute Return Master Fund	3	-	-	-	-
Plaza/Trinity LLC		Prop	35.78%	35.78%	United States
Plaza Square Appartments Owners LLC		Prop	35.78%	35.78%	United States
Providente SA		Prop	35.78%	35.69%	France
S.C.I. ABP Pompe	3	-	-	-	-
S.C.I. Altaïr 1		Prop	35.78%	35.78%	France

Consolidated entities	Note [2]	Consolidation method [1]	% consolidation	% interest	Country
S.C.I. Altaïr 2		Prop	35.78%	35.78%	France
S.C.I. Valmy Coupole		Prop	35.78%	35.78%	France
SAS Immobilière Natixis Bail	1	Prop	35.78%	35.78%	France
SAS VAL A		Prop	35.78%	35.78%	France
Seventure Partners	3	-	-	-	-
SLIB		Prop	35.78%	23.83%	France
SNC Tolbiac Finance		Prop	35.78%	35.78%	France
Universe Holdings Ltd		Prop	35.78%	35.78%	Cayman Islands
Vitalia Vie		Prop	35.78%	35.78%	France
Worledge A Investments Ltd		Prop	35.78%	35.78%	United Kingdom

6.1.6 Statutory Auditors' report on the consolidated financial statements

Year ended December 31, 2008

Groupe Caisse d'Epargne
5, rue Masseran
F-75007 Paris

To the Shareholders,

In compliance with the assignment entrusted to us by the Annual Shareholders' Meeting, we hereby report to you, for the year ended December 31, 2008, on:

- the audit of the accompanying consolidated financial statements of Groupe Caisse d'Epargne;
- the justification of our assessments;
- the specific verification required by law.

The consolidated financial statements have been approved by your Management Board. Our role is to express an opinion on these financial statements based on our audit.

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, using sample testing techniques or other selection methods, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made, as well as evaluating the overall financial statement presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the Group's financial position and its assets and liabilities as of December 31, 2008, and of the results of the operations of the group of companies and other legal entities included in the scope of consolidation for the year then ended, in accordance with IFRS as adopted by the European Union.

Without qualifying the opinion expressed above, we draw your attention to Note 2 to the consolidated financial statements which describes the change in accounting method pursuant to the amendment to IAS 39 issued on October 15, 2008, which authorizes the reclassification of certain financial assets.

II. Justification of our assessments

As presented in Note 1.3.3 to the consolidated financial statements and in § 1.3 of the Group's management report, the recent financial and economic crisis, which has resulted in a dramatic rise in volatility, a significant decrease in liquidity in certain markets, and has made the production of accurate economic and financial forecasts very difficult, has impacted credit institutions on a number of fronts, affecting in particular their activities, their earnings, their risks, and their ability to obtain refinancing. This situation has had particular consequences for the preparation of financial statements this year, especially with regard to accounting estimates. It is in light of these circumstances that, pursuant to the provisions of Article L. 823-9 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

Accounting policies

Notes 2 and 4.2.2 to the consolidated financial statements describe the amendment to IAS 39, which offers the option, under certain conditions, to reclassify financial assets:

- from the categories "financial assets held for trading" and "available-for-sale financial assets" to the category "loans and receivables";
- from the trading category to the categories "available-for-sale financial assets" or "held-to-maturity financial assets".

As part of our assessment of the accounting principles used by the Group, we verified that this change in accounting method was properly applied as well as the appropriateness of the disclosures provided to this effect in Notes 5.6 and 5.7 to the consolidated financial statements.

Accounting estimates

- As indicated in Notes 4.2.1 and 7.1 to the consolidated financial statements, the Group records impairment and provisions to cover the credit risks inherent to its operations. We reviewed the control procedures put in place by the Group to monitor credit risks, assess the risks of non-recovery and calculate related impairment and provisions on an individual and portfolio basis.
- As indicated in Notes 4.2.4, 4.2.5 and 11.1 to the consolidated financial statements, the Group uses internal models and techniques to measure positions on financial instruments that are not quoted in active markets, and to assess whether the designation of hedging transactions is appropriate. We reviewed the control procedures relating to the identification of a particular market as inactive, the validation of the models used, and the definition of parameters applied.

- The Group recognizes impairment on available-for-sale financial assets (Notes 4.2.2 and 5.3 to the consolidated financial statements):
  - for equity instruments, whenever there is objective evidence of a permanent impairment as well as a material decrease in the value of these assets;
  - for debt instruments, whenever there is a known counterparty risk.

  We reviewed the control procedures put in place by the Group relating to the identification of indications of impairment, the valuation of the most significant holdings, as well as the charges recognized to cover the impairment estimated in this manner.
- The Group tested its goodwill for impairment, which resulted in the recognition of impairment losses (Notes 3.6 and 5.14 to the consolidated financial statements). We reviewed the methods and main assumptions used when performing these tests.
- The Group recorded deferred tax assets with respect to prior year losses carried forward (Notes 4.11, 5.9 and 6.11 to the consolidated financial statements) whose use is deemed probable in connection with the new tax consolidation group, which will comprise the Caisse Nationale des Caisses d'Epargne, the individual Caisses d'Epargne, and all subsidiaries in which the CNCE and the Caisses d'Epargne hold a stake of more than 95%. We reviewed the main estimates and assumptions having led to the recognition of these deferred tax assets.
- The Group sets aside provisions in respect of its employee benefit obligations. We reviewed the valuation method for these obligations and the assumptions and parameters used. We also reviewed the independent actuaries' report, where available, and verified the appropriateness of the disclosures provided in Notes 4.9 and 8.3 to the consolidated financial statements.
- The Group sets aside a provision to cover the risk of potentially unfavorable consequences regarding commitments related to home savings plans and accounts. We reviewed the valuation method for this provision and verified that Notes 4.7 and 5.16 to the consolidated financial statements provide appropriate disclosures.
- In connection with its standard account closing practices, the Group made other accounting estimates in order to calculate technical provisions for insurance companies (Notes 4.12 and 5.15 to the consolidated financial statements). We reviewed the assumptions used and verified that these accounting estimates are based on documented methods, in accordance with the principles set forth in the abovementioned notes to the consolidated financial statements.

These assessments were made in the context of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed, which is expressed in the first part of this report.

III. Specific verification

We also performed the specific verification required by law relating to the disclosures included in Groupe Caisse d'Epargne's management report.

We have no matters to report as to its fair presentation and consistency with the consolidated financial statements.

Neuilly-sur-Seine and La Défense, April 2, 2009

The Statutory Auditors

PricewaterhouseCoopers Audit		**Mazars**	
Anik Chaumartin	Jean-Baptiste Deschryver	Michel Barbet-Massin	Charles de Boisriou

6.2 Aggregate financial information of the Caisses d'Epargne

The aggregate financial information of the Caisses d'Epargne for the year ended December 31, 2008 was prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and applicable as of that date.

This information is used by Natixis in accounting for the cooperative investment certificates (CICs) issued by the Caisses d'Epargne under the equity method in its consolidated financial statements.

Financial information

6.2.1 Aggregate financial information as of December 31, 2008

Income statement

In millions of euros	**2008**	2007
Interest and similar income	13,330	11,408
Interest and similar expense	(10,510)	(8,513)
Commissions and fees (income)	2,493	2,491
Commissions and fees (expenses)	(418)	(434)
Net gain or loss on financial instruments at fair value through profit or loss	12	177
Net gain or loss on available-for-sale financial assets	827	1,252
Income from other activities	167	185
Expense on other activities	(158)	(131)
Net banking income	**5,743**	**6,435**
Operating expenses	(4,229)	(4,096)
Depreciation, amortization and impairment for property, plant and equipment and intangible assets	(221)	(213)
Gross operating income	**1,293**	**2,126**
Cost of risk	(395)	(118)
Operating income	**898**	**2,008**
Gains or losses on other assets	14	(3)
Income before tax	**912**	**2,005**
Income tax credit/(expense)	6	(410)
Net income	**918**	**1,595**

Balance sheet

Assets

In millions of euros	**12/31/2008**	12/31/2007
Cash and amounts due from central banks	1,186	1,061
Financial assets at fair value through profit or loss	6,329	6,474
Hedging derivatives	537	373
Available-for-sale financial assets	28,548	34,098
Loans and receivables due from credit institutions	135,159	122,136
Loans and receivables due from customers	129,505	122,168
Remeasurement adjustment on interest-rate risk hedged portfolios	149	46
Held-to-maturity financial assets	2,115	2,169
Current and deferred tax assets	1,222	899
Accrued income and other assets	5,172	4,433
Investment property	106	108
Property, plant and equipment	1,528	1,500
Intangible assets	113	107
TOTAL ASSETS	**311,669**	**295,572**

Liabilities and equity

In millions of euros	**12/31/2008**	12/31/2007
Amounts due to central banks	10	19
Financial liabilities at fair value through profit or loss	871	489
Hedging derivatives	970	274
Amounts due to credit institutions	83,099	81,318
Amounts due to customers	195,423	183,049
Debt securities	1,208	1,609
Remeasurement adjustment on interest-rate risk hedged portfolios	188	39
Current and deferred tax liabilities	72	116
Accrued expenses and other liabilities	4,898	3,940
Provisions	1,453	1,523
Subordinated debt	1,881	1,036
Equity attributable to equity holders of the parent	**21,596**	**22,160**
Share capital and additional paid-in capital	10,876	9,046
Retained earnings	10,025	9,755
Unrealized or deferred capital gains and losses	(223)	1,764
Net income for the period	918	1,595
TOTAL LIABILITIES AND EQUITY	**311,669**	**295,572**

Statement of changes in equity

In millions of euros	Share capital	Additional paid-in capital	Reserves	Unrealized or deferred capital gains and losses	Net income	**Total equity**
Consolidated equity as of January 1, 2008	**4,128**	**4,918**	**9,755**	**1,764**	**1,595**	**22,160**
Appropriation of net income from previous year			1,595		(1,595)	0
Dividend payout			(264)			(264)
Capital increase	806					806
Impacts of mergers within the Caisses d'Epargne network		(45)				(45)
Change in fair value of financial instruments				(1,987)		(1,987)
Net income for the year					918	918
Other changes	(1)	1,070	(1,061)			8
Consolidated equity as of December 31, 2008	**4,933**	**5,943**	**10,025**	**(223)**	**918**	**21,596**

As of December 31, 2008, Caisses d'Epargne's share capital breaks down as follows:

- €3,946 million of the Caisses d'Epargne's share capital was subscribed by local savings companies;
- €987 million was subscribed by Natixis in the form of cooperative investment certificates.

In the first half of 2008, the Caisses d'Epargne paid a total of €264 million in dividends, of which €131 million to Natixis and €133 million to the local savings companies.

As of December 31, 2008, unrealized or deferred capital gains and losses include an unrealized gain on the Caisses d'Epargne's interest in the CNCE totaling €166 million before the tax effect. This unrealized gain was based on the estimated value of the CNCE securities held (€13,244 million).

Notes to the balance sheet

Loans and receivables due from customers

In millions of euros	**12/31/2008**	12/31/2007
Current accounts in debit	**1,446**	**1,360**
Loans to financial institutions	94	146
Short-term credit facilities	13,412	12,211
Equipment loans	33,711	31,444
Home loans	77,011	72,396
Export credit	2	4
Other	2,737	3,628
Subordinated loans	432	434
Other customer loans	**127,399**	**120,263**
Other receivables	**153**	**64**
Doubtful loans and receivables	**2,067**	**2,004**
Loans and receivables due from customers, gross	**131,065**	**123,691**
Impairment	(1,560)	(1,523)
TOTAL LOANS AND RECEIVABLES DUE FROM CUSTOMERS	**129,505**	**122,168**

Aggregate financial information of the Caisses d'Epargne

Aggregate financial information as of December 31, 2008

Amounts due to customers

In millions of euros	**12/31/2008**	12/31/2007
Current accounts	**25,360**	**25,319**
Other demand and term deposits	**11,722**	**9,823**
Livret A	80,575	69,628
Livret Jeune	1,851	1,839
Livret B	12,330	9,030
PEL (regulated home savings plans)	29,781	34,147
CEL (regulated home savings accounts)	4,446	4,595
Livret de développement durable (formerly known as Codevi)	8,857	7,797
PEP	2,194	2,465
Other	18,127	18,060
Accrued interest	180	346
Regulated savings accounts	**158,341**	**147,907**
TOTAL AMOUNTS DUE TO CUSTOMERS	**195,423**	**183,049**

Total impairment and provisions for credit risk

In millions of euros	12/31/2007	Additions	Reversals	Other movements	**12/31/2008**
Interbank items	**11**	**1**	**(3)**	**0**	**9**
On an individual basis	1,103	361	(331)	(14)	1,119
On a portfolio basis	420	63	(44)	2	441
Customer items	**1,523**	**424**	**(375)**	**(12)**	**1,560**
Available-for-sale financial assets	36	141	(13)	(1)	163
Other financial assets	**36**	**141**	**(13)**	**(1)**	**163**
Total impairment deducted from assets	**1,570**	**566**	**(391)**	**(13)**	**1,732**
Off-balance sheet commitments	56	13	(17)	4	56
Impairment provisions recognized as liabilities	**56**	**13**	**(17)**	**4**	**56**
TOTAL IMPAIRMENT AND PROVISIONS FOR CREDIT RISK	**1,626**	**579**	**(408)**	**(9)**	**1,788**

Provisions

In millions of euros	12/31/2008	12/31/2007
Employee benefit obligations	**565**	**556**
Provisions on regulated home savings products	515	574
Provisions for off-balance sheet commitments	56	56
Provisions for restructuring costs	100	153
Provisions for claims and litigation	104	88
Other	113	96
Other provisions	**888**	**967**
TOTAL PROVISIONS	**1,453**	**1,523**

Notes to the income statement

Cost of risk

In millions of euros	2008	2007
Interbank items	(1)	(1)
Customer items	(424)	(388)
Other financial assets	(141)	(6)
Off-balance sheet commitments	(13)	(30)
Additions to impairment losses and provisions	**(579)**	**(425)**
Interbank items	3	1
Customer items	375	427
Other financial assets	13	11
Off-balance sheet commitments	17	27
Reversals from impairment losses and provisions	**408**	**466**
Losses on interbank items	(1)	0
Losses on customer items	(133)	(162)
Losses on other financial assets	(100)	(11)
Losses on other receivables	(2)	0
Recoveries of loans and receivables previously written off	12	14
Losses and recoveries	**(224)**	**(159)**
COST OF RISK	**(395)**	**(118)**

Effective tax rate

	Analysis of income tax expense
Income before tax	912
Income tax credit/expense	6
Effective tax rate	**-0.7%**
Statutory income tax rate	**34.4%**
Impact of CNCE dividends	-28.9%
Other items	-6.2%
Effective tax rate	**-0.7%**

6.2.2 Basis of preparation of the aggregate financial information

The accounting policies used to prepare the aggregate financial information of the Caisses d'Epargne are those used to prepare Groupe Caisse d'Epargne's consolidated financial statements.

The information is prepared locally for the purposes of preparing Groupe Caisse d'Epargne's consolidated financial statements, and does not necessarily give a true and fair view of the financial position and results of each individual Caisse d'Epargne.

This information is supplemented by accounting entries recorded for the purposes of preparing Groupe Caisse d'Epargne's consolidated financial statements, as well as by entries recorded in connection with the centralized management of certain items. These items include the provision for regulated home savings products, the provision for the CGR pension fund, the "IT Efficiency" convergence project, and the estimated value of the CNCE shares held by the Caisses d'Epargne.

Intercompany balances between the individual Caisses d'Epargne are eliminated in the aggregate financial information, but intercompany balances and transactions with other Groupe Caisse d'Epargne entities are maintained.

6.2.3 Entities included in the scope of the Caisses d'Epargne aggregate financial information

The merger process between individual Caisses d'Epargne begun in 2006 was completed in the first half of 2008. This process was designed to give the savings banks the requisite human and financial resources to step up the pace of their commercial development.

The following mergers were carried out in 2008:

- on April 11, 2008, the three Caisses d'Epargne based in the greater Paris region (Ile-de-France Paris, Ile-de-France Ouest and Ile-de-France Nord) were merged;
- on April 11, 2008, the Shareholders' Meetings of the Caisse d'Epargne de Bretagne and the Caisse d'Epargne Pays de la Loire approved the merger agreement creating the Caisse d'Epargne Bretagne-Pays de Loire;
- on June 2, 2008, the Shareholders' Meetings of the Caisse d'Epargne de Basse Normandie and the Caisse d'Epargne de Haute Normandie approved the merger agreement creating the Caisse d'Epargne Normandie.

As of December 31, 2008, the following entities were included in the scope of the Caisses d'Epargne aggregate financial statements:

- Caisse d'Epargne Alsace
- Caisse d'Epargne Aquitaine Poitou-Charentes
- Caisse d'Epargne d'Auvergne et du Limousin
- Caisse d'Epargne de Bourgogne Franche-Comté
- Caisse d'Epargne Bretagne-Pays de Loire
- Caisse d'Epargne Côte d'Azur
- Caisse d'Epargne Ile-de-France
- Caisse d'Epargne Languedoc-Roussillon
- Caisse d'Epargne Loire-Centre
- Caisse d'Epargne Loire Drôme Ardèche
- Caisse d'Epargne Lorraine Champagne-Ardenne
- Caisse d'Epargne de Midi-Pyrénées
- Caisse d'Epargne Nord France Europe

- Caisse d'Epargne Normandie
- Caisse d'Epargne de Picardie
- Caisse d'Epargne Provence-Alpes-Corse
- Caisse d'Epargne Rhône Alpes

6.2.4 Procedures performed by the Statutory Auditors

The Statutory Auditors of each Caisse d'Epargne audited each entity's IFRS data for fiscal year 2008. The Statutory Auditors of Groupe Caisse d'Epargne also verified the aggregation of the individual financial statements of the Caisses d'Epargne as part of their audit of Groupe Caisse d'Epargne's 2008 consolidated financial statements.

Management report on the aggregated Caisses d'Epargne

6.2.5 Financial results

Aggregate results of the Caisses d'Epargne

			Change	
In millions of euros	**2008**	2007	Amount	%
Net banking income	**5,743**	**6,435**	**(692)**	**-10.8%**
Reversals of provisions for regulated saving products	59	199	(140)	-70.3%
Net banking income excluding regulated saving products	**5,684**	**6,236**	**(552)**	**-8.9%**
Total operating expenses	(4,450)	(4,309)	(141)	3.3%
Gross operating income	**1,293**	**2,126**	**(833)**	**-39.2%**
Cost of risk	(395)	(118)	(277)	nm
Net gain or loss on other assets	14	(3)	17	nm
Income before tax	**912**	**2,005**	**(1,093)**	**-54.5%**
Income tax	6	(410)	416	nm
Net income	**918**	**1,595**	**(677)**	**-42.4%**
Net banking income excluding regulated saving products	*879*	*1,465*	*(586)*	*-40.0%*
Average equity	*20,883*	*19,523*	*1,360*	*7.0%*
Return on average equity	*4.4%*	*8.2%*	-	*-3.8 pts*
Cost/income ratio	*77.5%*	*67.0%*	-	*10.5 pts*
Cost/income ratio excluding reversals of provisions for regulated saving products	*78.3%*	*69.1%*	-	*9.2 pts*
Cost/income ratio after cost of risk (1)	*84.4%*	*68.8%*	-	*15.6 pts*

(1) Cost/income ratio after cost of risk = (operating expenses + cost of risk)/net banking income.

In 2008, the net banking income of the Caisses d'Epargne network decreased by 10.8%, while gross operating income fell by 39.2% and net income by 42.4%.

Net banking income for the year amounted to €5,743 million, operating expenses totaled €4,450 million, gross operating income stood at €1,293 million and net income reached €918 million.

Net banking income declined as a result of the unfavorable economic environment for financial assets, with the financial portfolio businesses (1) accounting for €595 million of this decrease.

The 17 Caisses d'Epargne contributed to the Group's consolidated results.

The following developments should be taken into account in the analysis of the operating results of the Caisses d'Epargne:

Mergers among the individual Caisses d'Epargne

Six mergers were finalized in 2007, resulting in the creation of the following entities:

- Caisse d'Epargne Aquitaine Poitou-Charentes (2)
- Caisse d'Epargne Loire-Centre (3)
- Caisse d'Epargne Lorraine Champagne-Ardenne (4)
- Caisse d'Epargne Nord France Europe (5)
- Caisse d'Epargne Provence-Alpes-Corse (6)
- Caisse d'Epargne Rhône Alpes (7)

The number of entities in the Caisses d'Epargne network was thus reduced from 29 at the end of 2006 to 21 at the end of 2007.

Three mergers were finalized in the first half of 2008, resulting in the creation of:

- Caisse d'Epargne Bretagne-Pays de Loire (8)
- Caisse d'Epargne Ile-de-France (9)
- Caisse d'Epargne Normandie (10)

The Caisses d'Epargne network thus consisted of **17 entities as of December 31, 2008**. All merger processes initiated within the Caisses d'Epargne network have now been completed.

These mergers generated additional costs for the institutions concerned, which had a €17 million impact on expenses for 2008.

Continuation of the *IT Efficiency* project

In December 2006, the Caisses d'Epargne decided to merge their IT systems into a single information platform. The *IT Efficiency* program is aimed at improving quality of service and obtaining economies of scale.

In 2008, three Caisses d'Epargne successfully migrated to the new shared information system.

Movements in provisions for regulated home savings plans (*plans d'épargne logement*, PEL)

Following the large-scale recycling of older generations of PELs in 2007, which resulted in a substantial increase in reversals of provisions for regulated home savings products, these provisions amounted to €59 million, or 1% of net banking income, in 2008 compared to 3% in the previous year.

Financial crisis

The worldwide financial crisis in 2008 had a twofold impact:

- permanent impairment losses and fewer realizations of capital gains and losses on investment securities;
- rise in interest rates: extremely adverse impact on opportunity cost.

The impact on the net income of the Caisses d'Epargne in 2008 is estimated at €541 million.

(1) The financial portfolios of the individual Caisses d'Epargne correspond to the proprietary trading, medium- to long-term investor, Corporate Finance, private equity, and financial engineering portfolios, according to the naming system introduced by the Group's new financial management charter, which entered into effect as of end-2008 (in 2007, these portfolios corresponded to the proprietary trading and medium- to long-term investor portfolios).

(2) Merger of the Caisse d'Epargne Aquitaine-Nord, the Caisse d'Epargne des Pays de l'Adour and the Caisse d'Epargne Poitou-Charentes in December 2007.

(3) Merger of the Caisse d'Epargne de Centre-Val de Loire and the Caisse d'Epargne du Val de France-Orléanais in November 2007.

(4) Merger of the Caisse d'Epargne Champagne-Ardenne and the Caisse d'Epargne Lorraine in November 2007.

(5) Merger of the Caisse d'Epargne de Flandre, the Caisse d'Epargne du Pas-de-Calais and the Caisse d'Epargne des Pays du Hainaut in October 2007.

(6) Merger of the Caisse d'Epargne Provence-Alpes-Corse and the Caisse d'Epargne de La Martinique in June 2007.

(7) Merger of the Caisse d'Epargne des Alpes and the Caisse d'Epargne Rhône Alpes Lyon in May 2007.

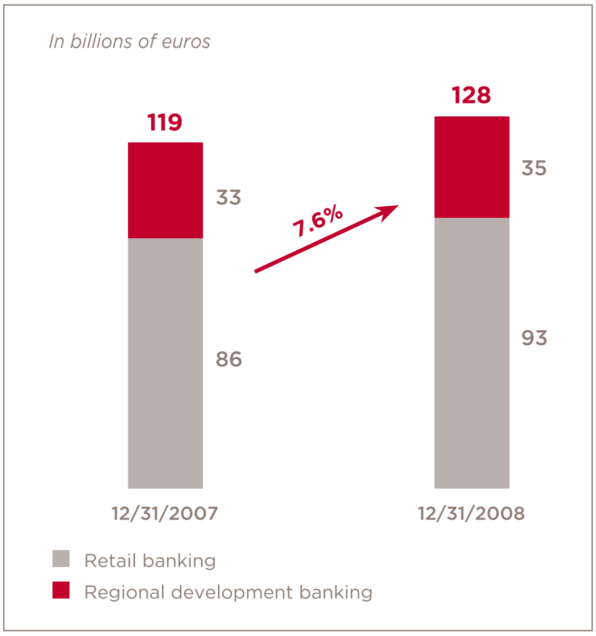
(8) Merger of the Caisse d'Epargne de Bretagne and the Caisse d'Epargne Pays de la Loire in April 2008.

(9) Merger of the Caisse d'Epargne Ile-de-France Nord, Caisse d'Epargne Ile-de-France Ouest and Caisse d'Epargne Ile-de-France Paris in April 2008.

(10) Merger of the Caisse d'Epargne de Basse-Normandie and the Caisse d'Epargne de Haute-Normandie in June 2008.

Analysis of changes in outstandings

Aggregate loan outstandings of individual Caisses d'Epargne at the year-end

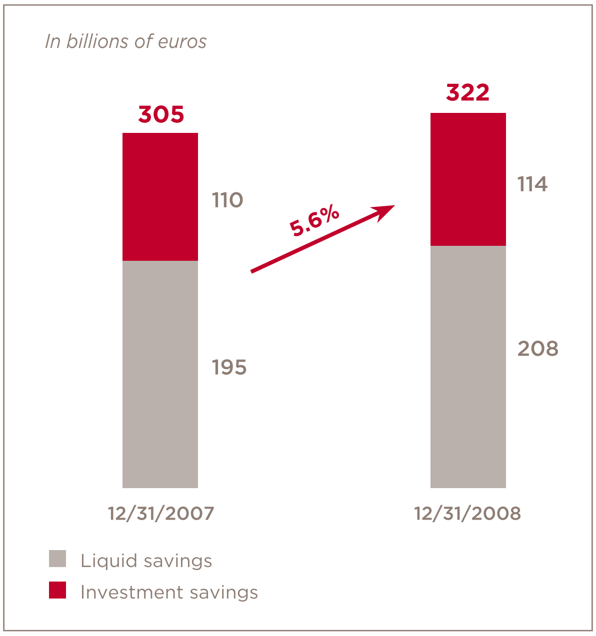


Against the backdrop of a slackening market for real estate loans at the end of the year, total customer loans in the Commercial Banking division rose 7.6% to €128 billion as of December 31, 2008. Credit facilities (short-term and consumer loans) and equipment loans saw strong growth in 2008, increasing by 9.8% and 7.2%, respectively.

The rise in outstandings was driven by all of the Commercial Banking division's activities.

Regional development banking achieved a dynamic 5.3% growth rate, thanks in particular to strong performance across all types of lending.

Aggregate deposits outstanding of individual Caisses d'Epargne at the year-end



Customer savings (including demand deposits) rose 5.6% to €322 billion.

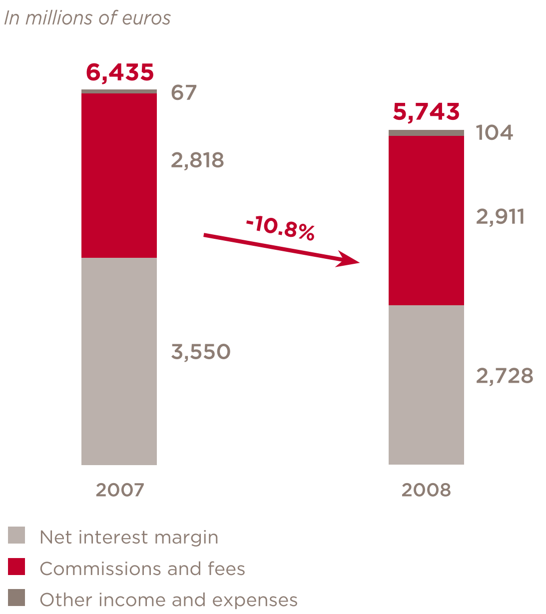
Excluding demand deposits, customer savings at end-2008 grew by 6.0%, or €296 billion.

Liquid savings rose by 6.9% reflecting the aggregate impact of the growth in term and savings accounts, which benefited from the favorable rate environment and a 15.7% rise in Livret A savings account volumes, together with net outflows for home savings plans.

In a slowing market, investment savings increased by 3.2%, thanks to the 5.6% growth in life insurance savings.

Demand deposits rose only slightly, increasing by 0.1% in 2008.

Net banking income falls 10.8%



The Caisses d'Epargne network reported a 10.8% decline in net banking income, which amounted to €5,743 million for fiscal year 2008.

Revenues from commercial business lines were stable over the period.

The negative impact of the financial crisis on the **net interest margin** of the financial portfolio businesses[1] amounted to €595 million in 2008.

Commissions and fees grew by 3.3%, accounting for 50.7% of the net banking income generated by the Caisses d'Epargne, with a markedly improved performance in the extension of banking services (an additional 310,000 net sales of customer service packages including interest-earning accounts).

In millions of euros	**2008**	2007	Change Amount	Change %
Commissions and fees on centralized savings products	821	756	65	8.6%
Commissions and fees on investable assets	704	777	(73)	-9.4%
Commissions and fees on banking services	1,045	960	85	8.9%
Other commissions and fees	341	325	16	4.9%
TOTAL COMMISSIONS AND FEES	**2,911**	**2,818**	**93**	**3.3%**

Commissions and fees from centralized savings products rose 8.6%, boosted by the growth in inflows for Livret A savings accounts, whose contribution to net banking income increased by 2.5 points to 12.9%.

Commissions and fees from financial savings products dropped by 9.4%, mainly due to a slowdown in gross inflows to life insurance products and mutual funds reaching maturity.

Commissions and fees from banking and other services jumped 7.9% to €1,386 million as of December 31, 2008, boosted by the 9.7% growth in customer service packages, which contributed an additional €38 million to net banking income.

(1) The financial portfolios of the individual Caisses d'Epargne correspond to the proprietary trading, medium- to long-term investor, Corporate Finance, private equity, and financial engineering portfolios, according to the naming system introduced by the Group's new financial management charter, which entered into effect as of end-2008 (in 2007, these portfolios corresponded to the proprietary trading and medium- to long-term investor portfolios).

Total operating expenses under control

In millions of euros	2008	2007	Change Amount	Change %
Economic personnel costs [1]	(2,490)	(2,422)	(68)	2.8%
of which profit-sharing and incentive plans	*(103)*	*(102)*	*(1)*	*1.5%*
External services	(1,638)	(1,576)	(62)	3.9%
Taxes other than on income	(101)	(98)	(3)	3.0%
Amortization expense	(221)	(214)	(7)	3.3%
Total operating expenses	**(4,450)**	**(4,309)**	**(141)**	**3.3%**

(1) Personnel costs for accounting purposes + temporary employee costs + rebilled personnel costs.

Amid the various mergers between individual Caisses d'Epargne and the convergence of the network's IT systems, **total operating expenses** rose 3.3% to €4,450 million.

Excluding the restructuring costs generated by the *IT Efficiency* program and mergers, operating expenses were 1% higher in 2008.

The first Caisse d'Epargne to migrate to the new IT platform in the first half of 2008 was the Caisse d'Epargne Lorraine Champagne-Ardenne. This successful first migration was followed in the second half of the year by the Caisse d'Epargne Aquitaine Poitou-Charentes and the Caisse d'Epargne Ile-de-France.

Gross operating income totaled €1,293 million, a 39.2% decrease compared to 2007.

The **cost/income ratio** was 77.5%, representing a deterioration of 10.5 percentage points from the previous year.

Increased cost of risk

In millions of euros	2008	2007	Change Amount	Change %
Individually assessed impairment	(374)	(92)	(282)	nm
Portfolio-assessed impairment	(21)	(26)	5	-19.2%
Cost of risk	**(395)**	**(118)**	**(277)**	**nm**
Percentage of doubtful loans	1.60%	1.64%	-	-0.04 pt
Cover rate	75%	74%	-	1 pt

The **cost of risk** increased by €277 million, reflecting the negative impact of €229 million in permanent impairment losses due to the current financial crisis. The figure shown for the cost of risk in 2007 is particularly low, as it includes exceptional write-backs in the amount of €30 million that were not rolled over in 2008.

The percentage of doubtful loans remained stable at 1.6% of total customer outstandings.

Provisions cover 75% of these loans, representing a rise of 1 percentage point, which reflects a prudent approach to customer risk.

Aggregate net income of €918 million

In millions of euros	2008	2007	Change Amount	Change %
Income before tax	**912**	**2,005**	**(1,093)**	**-54.5%**
Income tax	6	(410)	416	nm
Net income	**918**	**1,595**	**(677)**	**-42.4%**
Net banking income excluding regulated saving products	879	1,465	-586	-40.0%

Income tax for the year ended December 31, 2008 amounted to a credit of €6 million.

Aggregate net income of the Caisses d'Epargne network fell 42.4% in 2008 to €**918** million.

6.2.6 Analysis of the balance sheet

In millions of euros	12/31/2008	12/31/2007	Change
Cash and amounts due from central banks	1,186	1,061	125
Financial assets at fair value through profit or loss	6,329	6,474	(145)
Hedging derivatives	537	373	164
Available-for-sale financial assets	28,548	34,098	(5,550)
Loans and receivables due from credit institutions	135,159	122,136	13,023
Loans and receivables due from customers	129,505	122,168	7,337
Remeasurement adjustment on interest-rate risk hedged portfolios	149	46	103
Held-to-maturity financial assets	2,115	2,169	(54)
Current and deferred tax assets	1,222	899	323
Accrued income and other assets	5,172	4,433	739
Investment property	106	108	(2)
Property, plant and equipment	1,528	1,500	28
Intangible assets	113	107	6
TOTAL ASSETS	**311,669**	**295,572**	**16,097**

In millions of euros	**12/31/2008**	12/31/2007	Change
Amounts due to central banks	10	19	(9)
Financial liabilities at fair value through profit or loss	871	489	382
Hedging derivatives	970	274	696
Amounts due to credit institutions	83,099	81,318	1,781
Amounts due to customers	195,423	183,049	12,374
Debt securities	1,208	1,609	(401)
Remeasurement adjustment on interest-rate risk hedged portfolios	188	39	149
Current and deferred tax liabilities	72	116	(44)
Accrued expenses and other liabilities	4,898	3,940	958
Provisions	1,453	1,523	(70)
Subordinated debt	1,881	1,036	845
Equity	21,596	22,160	(564)
TOTAL LIABILITIES AND EQUITY	**311,669**	**295,572**	**16,097**

As of December 31, 2008, total aggregated assets of the Caisses d'Epargne network amounted to €311.7 billion, a 5.4% increase compared to end-2007.

Loans and receivables due from customers amounted to €7.3 billion, a 5.6% increase over the previous year. Outstanding customer loans accounted for 42% of assets in 2008, unchanged from 2007.

Amounts due to credit institutions saw only modest growth, rising 2.2% to €83 billion as of December 31, 2008.

Amounts due to customers grew €12.4 billion year-on-year, totaling €195 billion as of December 31, 2008.

Equity decreased by 2.5% to €22 billion, a decline attributable to unrealized or deferred capital gains and losses.

6.3 Financial results of the Caisse Nationale des Caisses d'Epargne group

IFRS consolidated financial statements of the Caisse Nationale des Caisses d'Epargne group for the year ended December 31, 2008

6.3.1 Consolidated balance sheet

Assets

In millions of euros	Note	**12/31/2008**	12/31/2007
Cash and amounts due from central banks		12,721	7,477
Financial assets at fair value through profit or loss	5.1.1	105,910	77,335
Hedging derivatives	5.2	7,018	2,607
Available-for-sale financial assets	5.3	23,608	34,053
Loans and receivables due from credit institutions	5.4.1	120,104	131,808
Loans and receivables due from customers	5.4.2	166,588	144,926
Remeasurement adjustment on interest-rate risk hedged portfolios		1,767	83
Held-to-maturity financial assets	5.6	3,081	2,476
Current and deferred tax assets	5.9	2,617	974
Accrued income and other assets	5.11.1	21,504	20,600
Investments in associates	5.12	4,997	4,972
Investment property	5.13.1	1,462	1,301
Property, plant and equipment	5.13.2	1,249	1,209
Intangible assets	5.13.3	604	353
Goodwill	5.14	2,829	3,341
TOTAL ASSETS		**476,059**	**433,515**

Liabilities and equity

In millions of euros	Note	**12/31/2008**	12/31/2007
Amounts due to central banks		298	538
Financial liabilities at fair value through profit or loss	5.1.2	105,386	67,498
Hedging derivatives	5.2	6,812	4,215
Amounts due to credit institutions	5.5.1	113,579	106,920
Amounts due to customers	5.5.2	31,302	32,660
Debt securities	5.10.1	158,214	163,122
Remeasurement adjustment on interest-rate risk hedged portfolios		721	567
Current and deferred tax liabilities	5.9	887	620
Accrued expenses and other liabilities	5.11.2	18,900	19,102
Technical reserves of insurance companies	5.15	12,518	12,700
Provisions	5.16	1,219	908
Subordinated debt	5.10.2	14,442	12,318
Consolidated equity		**11,781**	**12,347**
Equity attributable to equity holders of the parent		***9,954***	***10,519***
Share capital and additional paid-in capital		10,703	6,703
Retained earnings		2,294	2,496
Net income for the period		(1,993)	600
Unrealized or deferred capital gains and losses		(1,050)	720
Minority interests		***1,827***	***1,828***
TOTAL LIABILITIES AND EQUITY		**476,059**	**433,515**

6.3.2 Consolidated income statement

In millions of euros	Note	**2008**	2007
Interest and similar income	6.1	24,971	22,059
Interest and similar expense	6.1	(23,330)	(20,861)
Commission and fee income	6.2	2,131	2,101
Commission and fee expense	6.2	(596)	(553)
Net gain or loss on financial instruments at fair value through profit or loss	6.3	(1,248)	(589)
Net gain or loss on available-for-sale financial assets	6.4	20	795
Income from other activities	6.5	5,582	4,795
Expense on other activities	6.5	(4,056)	(3,773)
Net banking income		**3,474**	**3,974**
Operating expenses	6.6	(3,870)	(3,688)
Depreciation, amortization and impairment for property, plant and equipment and intangible assets	6.7	(217)	(191)
Gross operating income		**(613)**	**95**
Cost of risk	6.8	(1,046)	(142)
Operating income		**(1,659)**	**(47)**
Share in net income/(loss) of associates	5.12	254	391
Net gain or loss on other assets	6.9	20	258
Losses resulting from the CNCE market incident of October 2008	1.3	(752)	0
Changes in value of goodwill	6.10	(636)	(40)
Income before tax		**(2,773)**	**562**
Income tax	6.11	792	130
Net income		**(1,981)**	**692**
Net income attributable to equity holders of the parent		(1,993)	600
Minority interests		12	92

6.3.3 Statement of changes in equity

In millions of euros	Share capital and additional paid-in capital: Share capital	Share capital and additional paid-in capital: Additional paid-in capital	Retained earnings	Unrealized or deferred capital gains and losses: Translation adjustments	Unrealized or deferred capital gains and losses: Available-for-sale financial assets	Unrealized or deferred capital gains and losses: Hedging derivatives	Net income attributable to equity holders of the parent	**Equity attributable to equity holders of the parent**	Minority interests	**Total consolidated equity**
Equity as of January 1, 2007 after appropriation of net income	**6,561**	**0**	**2,600**	**(7)**	**1,415**	**14**	**0**	**10,583**	**364**	**10,947**
Total movements arising from relations with shareholders										
Capital increase	484	233						717		717
Capital decrease	(575)		575							
Dividends paid			(668)					(668)	(26)	(694)
Impact of acquisitions and disposals on minority interests									1,427	1,427
Sub-total	***(91)***	***233***	***(93)***					***49***	***1,401***	***1,450***
Unrealized or deferred capital gains and losses										
Change in fair value of financial instruments					(580)	19		(561)	(1)	(562)
Change in translation adjustments				(97)				(97)	(17)	(114)
Share in changes in equity of associates				2	(47)	1		(44)		(44)
Sub-total				***(95)***	***(627)***	***20***		***(702)***	***(18)***	***(720)***
Other changes										
Net income for 2007							600	600	92	692
Other changes			(11)					(11)	(11)	(22)
Equity as of December 31, 2007	**6,470**	**233**	**2,496**	**(102)**	**788**	**34**	**600**	**10,519**	**1,828**	**12,347**

6

Financial results of the Caisse Nationale des Caisses d'Epargne group

Statement of changes in equity

In millions of euros	Share capital and additional paid-in capital: Share capital	Share capital and additional paid-in capital: Additional paid-in capital	Retained earnings	Unrealized or deferred capital gains and losses: Translation adjustments	Unrealized or deferred capital gains and losses: Available-for-sale financial assets	Unrealized or deferred capital gains and losses: Hedging derivatives	Net income attributable to equity holders of the parent	**Equity attributable to equity holders of the parent**	Minority interests	**Total consolidated equity**
Equity as of December 31, 2007	**6,470**	**233**	**2,496**	**(102)**	**788**	**34**	**600**	**10,519**	**1,828**	**12,347**
Appropriation of 2007 net income			600				(600)			
Equity as of January 1, 2008	**6,470**	**233**	**3,096**	**(102)**	**788**	**34**		**10,519**	**1,828**	**12,347**
Total movements arising from relations with shareholders										
Capital increase	1,817	2,183						4,000		4,000
Dividend paid in 2008			(749)					(749)	(129)	(878)
Impact of acquisitions and disposals on minority interests									144	144
Sub-total	***1,817***	***2,183***	***(749)***					***3,251***	***15***	***3,266***
Unrealized or deferred capital gains and losses										
Change in fair value of financial instruments					(1,231)	(222)		(1,453)	(75)	(1,528)
Change in translation adjustments				13				13	(17)	(4)
Share in changes in equity of associates				(18)	(301)	(11)		(330)		(330)
Sub-total				***(5)***	***(1,532)***	***(233)***		***(1,770)***	***(92)***	***(1,862)***
Other changes										
Net income for 2008							(1,993)	(1,993)	12	(1,981)
Other changes			(53)					(53)	64	11
Equity as of December 31, 2008	**8,287**	**2,416**	**2,294**	**(107)**	**(744)**	**(199)**	**(1,993)**	**9,954**	**1,827**	**11,781**

6.3.4 Consolidated cash flow statement

The consolidated cash flows statement is presented in accordance with the indirect method.

Investing activities represent cash flows arising from the acquisition and disposal of interests in consolidated companies and held-to-maturity financial assets, as well as property, plant and equipment and intangible assets.

Financing activities arise from changes resulting from transactions with equity instruments, subordinated debt and bond debt.

Operating activities include all cash flows that do not fall into the other two categories and mainly comprise securities relating to strategic equity investments recorded within the "Available-for-sale financial assets" portfolio.

Net cash and cash equivalents correspond to cash, amounts due to/from central banks, as well as demand accounts (assets and liabilities) with credit institutions.

In millions of euros	**12/31/2008**	12/31/2007
Income before tax	**(2,773)**	**562**
Net depreciation and amortization of property, plant and equipment and intangible assets	264	223
Impairment of goodwill	763	40
Net additions to/reversals from provisions for impairment	1,537	1,337
Share in net income/(loss) of associates	(237)	(338)
Net loss/gain from investing activities	(487)	(1,049)
Income/expense from financing activities	614	542
Other movements	(2,671)	(2,929)
Total non-monetary items included in net income/(loss) before tax	***(217)***	***(2,174)***
Net increase or decrease arising from transactions with credit institutions	23,173	(2,290)
Net increase or decrease arising from transactions with customers	498	(24,726)
Net increase or decrease arising from transactions involving financial assets and liabilities	(9,971)	26,049
Net increase or decrease arising from transactions involving non-financial assets and liabilities	(7,310)	(2,848)
Taxes paid	(224)	(179)
Net increase (decrease) in assets and liabilities resulting from operating activities	***6,166***	***(3,994)***
Net cash flows generated by operating activities (A)	**3,176**	**(5,606)**
Net increase or decrease related to financial assets and equity investments	(572)	404
Net increase or decrease related to investment property	(4)	(19)
Net increase or decrease related to property, plant and equipment and intangible assets	(21)	(70)
Net cash flows arising from investing activities (B)	**(597)**	**315**
Net increase or decrease arising from transactions with shareholders	3,288	344
Other increases or decreases generated by financing activities	607	1,047
Net cash flows arising from financing activities (C)	**3,895**	**1,391**
Effect of movements in exchange rates on cash and cash equivalents (D)	**(27)**	**22**
TOTAL NET CASH FLOWS (A+B+C+D)	**6,447**	**(3,878)**
Cash and net balance of accounts with central banks	6,939	3,760
Net balance of demand transactions with credit institutions	(6,535)	522
Opening cash and cash equivalents	**404**	**4,282**
Cash and net balance of accounts with central banks	12,423	6,939
Net balance of demand transactions with credit institutions	(5,572)	(6,535)
Closing cash and cash equivalents	**6,851**	**404**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**6,447**	**(3,878)**

6.3.5 Notes to the consolidated financial statements of the Caisse Nationale des Caisses d'Epargne group

Note 1 Legal and financial framework – Significant events in 2008 and subsequent events

1.1 Legal framework of the Caisse Nationale des Caisses d'Epargne (CNCE)

Central institution of Groupe Caisse d'Epargne

The CNCE is the central institution of Groupe Caisse d'Epargne as defined by French banking law, and has the status of a credit institution authorized to operate as a bank. It is a joint-stock corporation (*société anonyme*) with a two-tier management structure (Management Board and Supervisory Board) whose entire capital has been held by the individual Caisses d'Epargne since January 29, 2007.

Specifically, the CNCE represents the interests of its various affiliates in dealings with the supervisory authorities, defines the range of products and services offered by them, organizes depositor protection, approves senior management appointments, and oversees the smooth functioning of the Group's institutions.

Holding company for the subsidiaries of Groupe Caisse d'Epargne

As the Group's holding company, the CNCE performs the role of Group head, owning and managing the interests in the Group's subsidiaries, and setting out its development strategy.

In respect of the Group's financial functions, the CNCE is notably responsible for the centralized management of any surplus funds held by the individual Caisses d'Epargne, for carrying out any financial transactions required to develop and refinance the Group, and for choosing the most efficient counterparty for these transactions in the broader interests of the Group. The CNCE also provides banking services to the Group entities.

Core shareholder of Natixis

Caisse Nationale des Caisses d'Epargne and Banque Fédérale des Banques Populaires are bound by a shareholders' agreement. The two entities undertake to maintain their ownership interests in Natixis in equal proportions for a period of 10 years, renewable for successive periods of five years each. During this period of stable ownership, the two shareholders agree not to conclude any agreement relating to Natixis constituting an action in concert with a third party. The shareholders' agreement establishes the principle of equal representation by the two shareholders within the Supervisory Board of Natixis and provides for a commitment to work together to further the exercise of the voting rights attached to their shares in relation to certain strategic decisions.

Subsidiaries

The subsidiaries and investments are split into four main divisions, as follows:

- Commercial Banking, comprising retail banking (including Banque Palatine and Crédit Foncier), development banking in the regions of France, its overseas departments and territories, and worldwide (including Financière Océor);
- Real Estate Services, comprising transaction services such as property sales, development and valuations, and real estate asset advisory and management services;
- Insurance and personal care services;
- Natixis, controlled jointly by Groupe Banque Populaire and Groupe Caisse d'Epargne, which carries out the activities of the Wholesale Banking & Financial Services division:
  - corporate and investment banking,
  - asset management (Natixis Global Asset Management),
  - private equity and private banking,
  - investor services (including CACEIS), comprising custody, payments, insurance, sureties and financial guarantees, employee benefits planning, and consumer finance services,
  - receivables management (including Coface), comprising credit insurance, factoring, business information and credit management.

Specialized IT subsidiaries

Customer transaction processing is carried out by banking information systems organized around two national economic interest groupings set up to develop and deploy IT application platforms.

1.2 Guarantee system

Pursuant to the provisions of Article L. 511-31 of the French Monetary and Financial Code, together with those of Article L. 512-96 of the same code, the CNCE, acting as the central institution, has organized a network mutual guarantee and solidarity mechanism within Groupe Caisse d'Epargne to ensure the liquidity and solvency of each entity. The scope of application of this guarantee system includes not only the entities belonging to the Caisses d'Epargne network as provided for by Article L. 512-95 of the French Monetary and Financial Code, but also all the credit institutions subject to French law and affiliated with the CNCE further to the CNCE's decision, in accordance with Articles R. 512-57 and R. 512-58 of the French Monetary and Financial Code. More generally, the guarantee system covers all Group entities by virtue of the principle of responsibility based on shareholder links.

The terms of the relationship with Natixis – a credit institution under the joint control of Banque Fédérale des Banques Populaires (BFBP, the central institution of the Banques Populaires banking network) and the CNCE – is governed by a provision introduced by Article 42 of Law 2006-1770 of December 30, 2006, which supplements Article L. 511-31 of the French Monetary and Financial Code. This provision allows credit institutions under direct or indirect joint control to be affiliated with more than one central institution.

Under this provision, the central institutions may together draw up an agreement setting out the conditions for exercising their respective control over the affiliated entity, and for discharging their obligations towards it, in particular as regards liquidity and solvency. Further to the approval of the Comité des établissements de crédit et des entreprises d'investissement (CECEI) on March 30, 2007, the agreement providing for the affiliation of Natixis with both the CNCE and BFBP was signed on April 2, 2007 in the presence of Natixis. This affiliation took effect as of this same date.

In any event, BFBP and the CNCE will fulfill, as required by applicable legislation and banking regulations, their respective duties as core shareholders of Natixis, in accordance with any request to do so from the *Commission bancaire* (the French Banking Commission). Consequently, BFBP and the CNCE have entered into an irrevocable joint agreement under which, even in the event of a dispute, they agree to act promptly in accordance with the recommendations or injunctions of the French Banking Commission, and to provide the necessary funds in equal proportions, and if required jointly and severally, to ensure that Natixis complies with the applicable legislation and banking regulations, and honors any commitments made to the banking authorities.

In the event that BFBP and/or the CNCE needed financial support as a result of assisting Natixis, their internal network mutual guarantee and solidarity mechanisms would be implemented in accordance with Article L. 511-31 of the French Monetary and Financial Code.

The individual Caisses d'Epargne participate in the guarantee system through a *fonds de garantie et de solidarité du réseau* (network mutual guarantee and solidarity fund - FGSR), set up pursuant to Article L. 512-96 of the French Monetary and Financial Code, and carried in the books of the CNCE. As of December 31, 2008, the FGSR had €282 million worth of funds that can be used immediately if the need arises. This amount is invested in a dedicated mutual fund. Should this prove insufficient to prevent the default of a member, the Management Board of the CNCE can obtain the necessary additional resources via a rapid decision-making process ensuring timely action.

1.3 Significant events in 2008

1.3.1 Deregulation of distribution rights for Livret A savings accounts

The terms and conditions of the Livret A reform have been set forth in Articles 145 and 146 of law 2008-776 on the modernization of the economy of August 4, 2008 and stipulate *inter alia* that:

- all banks may distribute Livret A savings accounts as from January 1, 2009;
- the funds collected under the Livret A and *Livret de développement durable* (LDD) savings accounts and deposited with Caisse des Depôts must be maintained at a sufficient level to allow this institution to carry out its functions;
- the principles governing the remuneration of banks that distribute savings accounts are to remain unchanged.

As of January 1, 2009, all banking institutions are authorized to distribute the Livret A savings account. Each distributor receives a commission of 0.6% set by decree in connection with the centralization of the funds collected under the Livret A and LDD savings accounts by Caisse des Dépôts. During the transitional period, which will last until 2011, the Caisses d'Epargne will receive an additional payment of between 0.1% and 0.3%, but will be required to centralize a larger portion of the funds collected.

1.3.2 Losses related to a market incident

In October 2008, as part of its standard internal control procedures, Groupe Caisse d'Epargne identified trading positions that gave rise to a pre-tax loss of €752 million in the Caisse Nationale des Caisses d'Epargne's equity derivatives business.

These open positions were taken against the backdrop of extreme market volatility and the stock market crash of the week beginning October 6, 2008.

The measures required to close these positions and discontinue this activity, most of which involved over-the-counter transactions, were carried out on October 15-16, 2008 and generated significant losses.

In order to provide the most relevant information for an understanding of the Group's financial performance in 2008, the total loss incurred in connection with this market incident is presented in a specific consolidated income statement heading entitled "Losses resulting from the CNCE market incident of October 2008".

1.3.3 Consequences of the financial crisis

The financial crisis sparked in 2007 by the drop in U.S. real estate prices combined with rising interest rates worsened in 2008.

During the first half of 2008, housing prices in the U.S. fell more steeply, triggering a decline in the financial situation of monoline insurers, which had granted guarantees against securitized real estate assets.

The financial crisis intensified in the second half of the year, which saw a number of extensive economic and financial upheavals: the collapse of Lehman Brothers and Washington Mutual in September, the virtual paralysis of the interbank market over the space of several weeks, and the rescues of major banks by way of mergers, bad loan buyouts or government intervention.

During the last quarter of 2008, the banking crisis triggered a credit crunch and the curtailment of loans granted by banking institutions to the "real" economy compounded the impact of a normal, cyclical downturn following the recovery phase of recent years.

This period of extreme financial turbulence prompted governments in most industrialized countries to take massive unprecedented measures to restore confidence and implement plans to stimulate their economies.

At the request of government officials (both U.S. Congress and European leaders at an emergency G8 summit), international accounting regulators (the FASB and the IASB) agreed to examine in detail the issues surrounding fair value accounting, often considered a contributing factor to the financial crisis. This work resulted in further explanations concerning the use of fair value measurement in a crisis environment, and particularly with respect to the methods used to qualify an inactive market. In addition, the IASB harmonized the requirements for the reclassification of financial instruments under IAS 39 with those of U.S. GAAP *(see Note 5.7)*.

Finally, in response to the financial crisis, the Financial Stability Forum's report of April 7, 2008 outlined a series of recommendations aimed at improving the transparency of financial disclosures provided on certain risk exposures. Details of Groupe Caisse d'Epargne's risk exposures are provided in its risk management report in accordance with these recommendations.

The main impacts of the financial crisis on Caisse Nationale des Caisses d'Epargne group's financial statements are described below.

A. Natixis

A1. Risk exposures carried in the balance sheet of Natixis as of December 31, 2008

Natixis has both direct and indirect exposure to risks, as described below.

Direct exposure

The portfolio of loans pending securitization is Natixis' only direct exposure to subprime loans. This portfolio is classified under financial assets at fair value through profit or loss.

As of December 31, 2008, this portfolio's exposures were as follows:

	12/31/2008	12/31/2007
Nominal value	197	284
Book value (fair value)	120	201
Fair value as % of nominal value	61%	70%
Discount	39%	30%

Through Natixis, Caisse Nationale des Caisses d'Epargne group's exposure therefore amounted to €43 million as of December 31, 2008 (Group share of 35.78%).

Prices are determined from transactions observed on the market and take into account the opinion of the experts responsible for valuing the portfolio.

Indirect exposures to subprime risk and U.S. RMBS

The models used for the valuation of these exposures as of December 31, 2008 were all reviewed and validated by Natixis' Risk Management Division.

The exposures relate to the following asset portfolios:

Portfolios of CDOs of asset-backed securities with a subprime component

These non-hedged cash or synthetic portfolios with a subprime component are held primarily by Natixis Capital Market North America and Natixis.

In millions of euros Financial assets at fair value through profit or loss	Gross exposure	Cumulative impairment losses	Value adjustments in 2008	Net exposure as of December 31, 2008	Net exposure as of December 31, 2007
Trading book	1,362	(900)	(481)	462	1,301
Fair value option	946	(205)	(174)	741	966
TOTAL	**2,308**	**(1,105)**	**(655)**	**1,203**	**2,267**
Caisse Nationale des Caisses d'Epargne group share	*826*	*(395)*	*(234)*	*431*	*786*

The portfolios of CDOs of asset-backed securities held directly and including a subprime exposure were valued on the basis of stress tests implemented by Natixis' Risk Management Division, following an approach similar to that used as of December 31, 2007. For the valuation of these exposures, the assumed loss rates used as of December 31, 2007 were revised as follows:

Loss rate assumptions by vintage	Vintage 2005	Vintage 2006	Vintage 2007
As of December 31, 2007	9%	23%	23%
As of June 30, 2008	10%	25%	25%
As of December 31, 2008	11%	25%	30%

For loans originated in previous years, the loss rate used is 7.5%.

Moreover, given the significantly lower rating of some vintage 2005 assets, and based on expected lower ratings of their final performance, the valuation model was adjusted as follows:

- taking into account the current rating of collateral assets rated lower than CCC+ by assigning a discount of 97% to these underlyings;
- valuation of non-subprime underlying assets held in the structures using a discounting schedule based on market comparables, including the type, rating and vintage of the transactions.

As it mainly uses non-observable parameters, this model corresponds to Level 3 of the fair value hierarchy.

The impact of the application of this model amounts to €655 million in capital losses since the beginning of the year (Group share of €234 million).

A 10% rise in the cumulative loss rates used to determine the fair value of CDOs, would result in an immaterial impact for Caisse Nationale des Caisses d'Epargne group. Sensitivity to a 10% decrease in the excess spread assumption would have an immaterial impact on the financial statements of Caisse Nationale des Caisses d'Epargne group.

Portfolios of U.S. RMBS, including subprime RMBS

These portfolios consist of U.S. RMBS, whether or not they include a subprime component.

As of December 31, 2008, Natixis' gross and net exposures amounted to €5,710 million and €5,683 million respectively, after the recognition of an impairment loss of €478 million. The corresponding amounts for Caisse Nationale des Caisses d'Epargne group are €2,043 million, €2,033 million, and €171 million, respectively.

The valuation model used for non-Agency U.S. RMBS applied as of December 31, 2008 is based on the discounting of forecast future cash flows, which are determined by taking into account the following criteria:

- expected rate of early repayment;
- probability of default observed and expected;
- loss given default;
- time-phasing of defaults resulting from JP Morgan studies (by type of collateral and vintage);
- cost of liquidity and monoline covers;
- monoline insurance for the structures covered, including in the valuation the probability of default of monolines and their rate of loss given default.

Other exposures

Portfolios not exposed to subprime risk but for which no prices were able to be identified were valued using valuation pricing techniques.

All of these models correspond to Level 3 of the fair value hierarchy, i.e., models primarily using non-observable parameters.

European RMBS

For this portfolio, Natixis' net exposures amount to €800 million for the UK portfolio, €697 million for the Spanish portfolio and €1,100 million for other European RMBS, representing a total of €2,597 million (or €929 million for Caisse Nationale des Caisses d'Epargne group).

For the valuation of these instruments, a model was developed which involves the calculation of fair value using spreads resulting from historical benchmark information provided by the Mark-it database. These benchmarks are defined according to the type of securitization, the rating and the country, and are thus associated with spread curves. A trend coefficient is then applied in order to adjust for liquidity risk. The calibration of this coefficient is validated by Natixis' Risk Management Division.

Other structures not exposed to the U.S. housing market and for which Natixis makes use of a valuation model

The valuations of the following types of assets, resulting from securitization transactions for which no price was able to be identified as of December 31, 2008, were performed on the basis of the specific valuation models described below:

- for CDOs of asset-backed securities not exposed to the U.S. housing market, a scoring model for structures assigning a level of risk to each on the basis of selective criteria;
- for CRE CDOs, a stress-testing approach was implemented using a valuation model based on forecast future cash flows as a function of cumulative loss rates per structure. The cumulative loss rates per structure are determined based on those relating to underlying CRE loans set at 10%. Monoline insurance for the structures covered is taken into account by including in the valuation the probability of default of monolines and their rate of loss given default. A loss rate floor of 15% is applied in connection with estimated coupon flows given the current rating assigned to the structures;
- for Trups CDOs, a stress-testing approach was applied using a valuation model based on forecast future cash flows and cumulative loss rates per structure. Cumulative loss rates were determined using the 84 scenarios for the allocation of defaults applied to this class of assets published by S&P in November 2008;
- for CLOs, a model was used that relies on detailed knowledge of transaction characteristics and an assessment of credit risk, taking stress-adjusted criteria into account;
- for ABS in the portfolios of Natixis Asset Management and Natixis Assurances, acquired through the FCP ABS+, a valuation model was used which consisted in calculating the prices of ABS using spreads resulting from historical benchmark information provided by the Mark-it database. A trend coefficient is then applied in order to adjust for liquidity risk.

CMBS

For the CMBS portfolio, as of December 31, 2008, Natixis' exposure amounts to €1,265 million gross and €1,087 million net (corresponding to €453 million and €389 million for Caisse Nationale des Caisses d'Epargne group). This exposure resulted in the recognition of impairment losses amounting to €217 million in 2008 (€78 million for Caisse Nationale des Caisses d'Epargne group).

For the valuation of exposures to CMBS, Natixis used the market price as of December 31, 2008, as for previous account closings.

A2. Exposure to monoline insurers

Transactions with monoline insurers entered into in the form of CDS were devalued due both to the downgrading of these counterparties and the widening of the spreads for the underlying assets. These write-downs were determined by applying a uniform rate of recovery of 10% and a probability of default reflecting the credit risk of the insurer to the unrealized capital losses of the underlying assets insured. This resulted in the recognition of additional write-downs of €1,329 million for the year, bringing the total to €1,528 million. In addition, the total industry-related impairment charge for monolines was increased to €300 million, after the recognition of a charge of €162 million for the year.

In the financial statements of Caisse Nationale des Caisses d'Epargne group, these amounts are €475 million for the additional write-downs and €547 million for the total write-downs. The industry-related impairment charge amounted to €107 million as of December 31, 2008.

In the financial statements of Natixis, the total collective impairment charge for credit derivative product companies (CDPCs) was increased by €156 million over the year. This impairment charge was calculated using the gross economic exposure, plus a 20% add-on corresponding to the notional amount less the fair value of the contracts. A seven-year probability of default is applied to this basis, with information provided by Moody's, depending on the risk quality of the counterparty. Calculated using this approach, the total impairment charge for CDPCs as of December 31, 2008 amounted to €190 million. It is to be compared to the total amount available for impairment of €2,016 million as of December 31, 2008, versus €353 million a year earlier, an increase mainly attributable to the widening of credit spreads on underlyings.

Moreover, a write-down was recognized on a specific monoline transaction due to a change in the credit quality of the counterparty. As of December 31, 2008, the total write-down was €83 million, compared to an economic exposure of €539 million.

Consequently, in the financial statements of Caisse Nationale des Caisses d'Epargne group, the total impairment charge for CDPCs amounted to €68 million. The write-down for the specific transaction came to €30 million as of December 31, 2008.

A3. CIFG commutation agreement

An agreement described below *(see § D)* was entered into between CIFG, its two shareholders, and CIFG's main counterparties, which include Natixis. This agreement provides for the termination by the counterparties of all CDS, insurance policies and financial guarantees issued on their behalf to cover CDOs of asset-backed securities (without exception) or of some transactions based on CRE CDOs having the most material loss potential for CIFG. In exchange, Natixis was granted an equalization payment represented by:

- USD 98.5 million in cash;
- a 6.9% stake in CIFG.

As a CIFG shareholder until the end of 2007, Natixis had granted CIFG a shareholder advance prior to this date of USD 200 million, of which:

- USD 98.5 million had been used at the time of the transfer of ownership to Caisse Nationale des Caisses d'Epargne and Banque Fédérale des Banques Populaires;
- USD 101.5 million had not been used.

The provisions of the agreement require Natixis to pay the portion unused as of that date, amounting to USD 101.5 million, and then to waive the entire receivable in the amount of USD 200 million.

This agreement had an overall impact of €102 million in the Natixis financial statements for the year ended December 31, 2008 (€36 million for Caisse Nationale des Caisses d'Epargne group).

A4. Analysis of the consolidation of special purpose vehicles (SPVs) which have benefited from financial support

Due to the financial crisis, Natixis has in some cases been prompted to provide additional financial support to a number of unconsolidated special purpose vehicles. These entities are mainly securitization SPVs. This support has involved:

- either the subscription of securities issued by the entity (this category includes the vehicles Elixir, Versailles and Direct Funding);
- or the provision of financing or liquidity lines (outstanding liquidity lines granted to Versailles, Elixir, Nacréa, and the Hudson Castle entities totaled €6.3 billion as of December 31, 2008);
- or the buyout of a portion of the assets held by the structure. Accordingly, in 2008, two Natixis entities restructured their position in an investment fund. In exchange for the buyout of their shares, these entities received a proportion of the assets of the fund corresponding to their share in the proceeds of the fund in a notional amount of about €379 million.

Each funding operation was systematically accompanied by a review of the consolidation criteria of the SPV pursuant to SIC 12. None of the entities concerned was subsequently consolidated.

A5. Specific provisions for impairment losses on certain SIV components

SIVs (structured investment vehicles) are funds that make highly leveraged investments in highly-rated medium- or long-term assets. To refinance themselves, SIVs issue commercial paper or medium- or long-term notes. As their issues are rated by credit rating agencies, SIVs must comply with liquidity ratios and certain thresholds concerning portfolio valuation. If these thresholds are reached or exceeded, the fund must liquidate its assets.

As of December 31, 2008, taking into account the observed trend in net asset values of SIV units held by Natixis and the resulting risk of liquidation, an additional €42 million impairment charge was recorded against these units, amounting to an overall SIV unit write-down of €61 million as of December 31, 2008.

The net amount of SIV units is €21 million as of December 31, 2008 (€8 million for Caisse Nationale des Caisses d'Epargne group).

A6. Recognition of impairment for interests in syndicated loans held for sale

The liquidity crisis has led to delays in syndication and difficulties in reinvesting on the secondary market the share of syndicated loans initially subscribed for the purpose of short-term resale. Real estate and LBO financing have been the most affected.

Loans whose theoretical syndication dates had lapsed as of December 31, 2008 amounted to €857 million. These loans were examined on a case-by-case basis to identify and recognize any market discount as of the balance sheet date. An additional write-down of €54 million was recorded as of December 31, 2008, with Caisse Nationale des Caisses d'Epargne group share amounting to €19 million. The discount as of that date was €96 million (€34 million for Caisse Nationale des Caisses d'Epargne group).

A7. Exposures to Lehman Brothers entities

In September 2008, declarations of default were received from a number of Lehman Brothers entities. Natixis informed the counterparties involved of these declarations of default, the result being that the derivatives, repurchase agreements or securities lending and borrowing arrangements concluded with these companies were terminated.

As of December 31, 2008, Natixis' total invested assets amounted to €469 million and impairment charges and provisions were recognized in the amount of €299 million (thus €168 million and €107 million for Caisse Nationale des Caisses d'Epargne group, respectively). The main items included in these invested assets are described below.

Positive balances on the termination of financial instruments were recorded as assets on Natixis' balance sheet. Net risk exposures resulting from these terminations amounted to €190 million as of December 31, 2008. An impairment charge was recorded under cost of risk in the amount of €160 million as of this same date (representing a net amount for Caisse Nationale des Caisses d'Epargne group of about €10 million).

In addition, Natixis:

- granted, in September 2008, a price guarantee to two mutual funds managed by Natixis Asset Management holding debt securities issued by Lehman Brothers entities. This guarantee gave rise to the recognition of a provision of €39 million in Natixis' financial statements for the year ended December 31, 2008 (€14 million for Caisse Nationale des Caisses d'Epargne group);
- was called to honor its obligations as guarantor of the counterparty risk of a mutual fund managed by Natixis Asset Management which had entered into a performance swap with Lehman Brothers International Europe. An impairment charge of €34 million was recognized under cost of risk with respect to the total debt of €41 million. Natixis also recorded an additional provision under cost of risk in the amount of €21 million to cover the residual counterparty risk borne by the fund and guaranteed by Natixis as of the fund's maturity date in connection with the capital and return guarantee granted to the fund (€12 million and €8 million for Caisse Nationale des Caisses d'Epargne group, respectively);
- held, in its portfolio of insurance company investments as of December 31, 2008, bonds issued by Lehman Brothers Holdings, Inc. and by Lehman Brothers Treasury Co. B.V. The gross amortized value of these bonds amounted to €78 million as of December 31, 2008. The associated impairment charge, after taking into account the deferred policyholders' participation, was recorded under cost of risk in the amount of €12 million (€4 million for Caisse Nationale des Caisses d'Epargne group).

A8. Exposures to Icelandic counterparties

Following the collapse of a number of Icelandic banks in September 2008, the government nationalized the country's three largest banks (Landsbanki, Kaupthing and Glitnir).

As of December 31, 2008, Natixis' total risk exposure to Icelandic banks amounted to €174 million (€62 million for Caisse Nationale des Caisses d'Epargne group).

Individual provisions recorded as of December 31, 2008, under cost of risk, amounted to €94 million (€34 million for Caisse Nationale des Caisses d'Epargne group).

A9. Exposures to Madoff

On December 15, 2008, a trustee was appointed for the liquidation of Bernard L. Madoff Investment Securities LLC.

This company was one of the top brokerage firms on Wall Street. It also provided advisory and custodial services, particularly for hedge funds (hereinafter referred to as "Madoff feeder funds").

Natixis does not hold any share or units for its own account in any of these funds.

Natixis is not exposed to any risk of losses relating to its investments (€286 million) in vehicles securitizing shares or units in hedge funds. The size of the equity units issued by these SPVs, and subscribed by external investors, is significantly greater than that of the risk of loss related to the units in the underlying Madoff feeder funds.

At the same time, Natixis is not exposed to any risk of loss relating to CFOs that it holds for its customers (USD 219 million, corresponding to €156 million) to the extent that the associated risks are fully transferred to these customers by way of pass-through instruments.

Natixis is indirectly exposed to a total risk of incurring a net loss in connection with its fund-linked notes business, net of hedging, in the amount of €473 million. It does hold units in Madoff feeder funds as a hedge of securities subscribed by its customers. The above-mentioned risk of loss results from the fact that the securities issued by Natixis entities are either leveraged instruments or offer guaranteed capital at maturity.

A provision in the amount of €375 million (€134 million for Caisse Nationale des Caisses d'Epargne group) was recognized in the financial statements for the year ended December 31, 2008 for Madoff-related risks.

A10. Impact of valuation of the issuer spread on Natixis' issues at fair value

The valuation of the issuer spread on Natixis' issues designated as financial instruments at fair value through profit or loss had a €633 million positive impact on the income statement for the year ended December 31, 2008 (€226 million for Caisse Nationale des Caisses d'Epargne group). The fair value recognized as of the balance sheet date was €664 million (€238 million for Caisse Nationale des Caisses d'Epargne group). To determine this valuation, the following methodology was used: income from the nominal value of issues was discounted using the net margin representing, for each issue, the difference between the average contractual spread and the replacement spread for a Natixis issue with the same rating.

B. CNCE

B1. Portfolio of financial assets

In 2008, the Management Board of the CNCE decided to significantly reduce the institution's exposure to market risk. Proprietary portfolio management activities are currently being phased out.

Apart from trading and arbitrage positions that were completely closed following the market incident in October 2008 *(see § 1.3.2)*, this decision relates mainly to the medium- to long-term portfolio.

This portfolio, corresponding to a nominal amount of about €3.5 billion, was the focus of significant write-downs as of December 31, 2007 and in 2008, in particular for assets identified as at risk, within the meaning of FSF recommendations (about €1.9 billion).

These assets include CDOs of U.S. asset-backed securities, representing a gross exposure of €139 million as of December 31, 2008. In view of the discounts initially recorded and the impairment losses recognized in the period (€71 million and €43 million, respectively), the net residual exposure amounted to €11 million as of December 31, 2008.

This portfolio also includes €1.3 billion in notes issued by securitization vehicles considered as "at risk":

- a portfolio bringing together the corporate synthetic CDOs (CSOs), representing a gross exposure of €173 million as of December 31, 2008. Cumulative impairment losses amount to €157 million, of which €127 million were recognized in 2008. As of December 31, 2008, the net residual exposure was €16 million;
- negative basis trades (NBTs), which are no longer hedged. These U.S. CLOs and CDOs of European asset-backed securities hold AAA-rated underlyings and represent a net exposure of €797 million as of December 31, 2008 (gross exposure of €820 million for write-downs of €20 million recognized in 2008);
- other notes issued by securitization vehicles (CLOs, CPDOs, LSS, SIVs, etc.) for €262 million, written down in the amount of €223 million (of which €172 million for 2008), thus representing a net exposure of €39 million as of December 31, 2008.

Lastly, the CNCE holds a portfolio consisting of €506 million in notes issued by securitization vehicles hedged by entering into CDS. The CNCE's risk exposure to counterparties, in this case leading European banks, is hedged by the margin calls paid to the CNCE.

Overall, taking into account these impairment losses as well as those recorded on other financial assets in the portfolio, the financial crisis has resulted in a charge of more than €560 million to net banking income and a charge of nearly €70 million to cost of risk (value adjustments, permanent impairment losses, and losses realized on disposals).

In the second half of 2008, the valuation methods used by the CNCE were modified to take into account the difficulty in obtaining reliable prices for all financial assets. Previously valued by reference to quotes (found via Fininfo, Bloomberg, etc.), a large portion of non-liquid assets are now valued using data provided by the valuation models used by Natixis. They are classified as Level 3 in the fair value hierarchy.

B2. Failure of Lehman Brothers

The CNCE had concluded derivative and securities transactions with this counterparty. The termination of derivative transactions has no material impact on profit or loss due to the margin calls.

C. Crédit Foncier

As part of its secured lending activity, mostly carried out by Compagnie de Financement Foncier, Crédit Foncier holds a securitization portfolio totaling €23.4 billion. This portfolio comprises assets falling within the scope of the 1999 law creating *sociétés de crédit foncier* (SCF, mortgage lenders regulated as credit institutions) that are intended to be held to maturity.

This diversified, gilt-edged portfolio, comprised primarily of senior debt tranches (96% of outstandings are AAA-rated) does not have any subprime risk exposure.

Securitized loans at risk amounted to nearly €100 million as of December 31, 2008 and were included in the calculation basis for write-downs on a portfolio basis. A charge of €79 million was recognized in respect of this item.

The collapse of Lehman Brothers prompted Crédit Foncier to terminate swaps entered into with this counterparty, which mainly hedged issues of securities, and to enter into new swaps in the market. A charge of €10 million was taken to cost of risk, in relation to counterparty risk, net of gains on recovery. The residual non-hedged exposure has now been reduced to €4 million.

The SIRP vehicle (created in 1992) was consolidated in 2008 since, as of September 2008, Crédit Foncier ensures the refinancing of this entity.

The valuation of the issuer spread on Compagnie de Financement Foncier's issues designated as financial instruments at fair value through profit or loss had a €156 million positive impact on the income statement for the year ended December 31, 2008.

D. Equity interest in CIFG

On November 22, 2007, Caisse Nationale des Caisses d'Epargne (CNCE) and Banque Fédérale des Banques Populaires (BFBP) agreed to acquire the entire share capital of CIFG, a financial guarantee insurance group and wholly owned subsidiary of Natixis, and to provide it with the resources necessary to maintain, as of this date, its AAA credit rating.

Upon completion of these transactions on December 31, 2007, CIFG was considered to be a jointly controlled entity and was therefore proportionately consolidated in the accounts of its two shareholders.

Since that date, and in view of developments in the markets and in the financial position of the CIFG joint venture:

- any further financial support from the CNCE and BFBP, over and above that already given, has been ruled out;
- a new management team has been appointed at CIFG notably to lead negotiations with the entity's main creditors;
- a commutation process with the company's creditors, under the control of supervisory authorities, was launched in the first quarter of 2008.

This commutation process resulted in the cancellation of guarantees granted to counterparties (representing 98% of some categories of derivatives) in consideration for a cash payment and a stake in CIFG in the form of shares.

Under this agreement, the counterparties (including Natixis) now hold approximately 90% of CIFG's share capital, with the CNCE and BFBP together holding the remaining 10%.

These various measures prompted the group not to include CIFG in its scope of consolidation as of January 1, 2008.

As of December 31, 2008, CIFG was deconsolidated, with no material impact on the consolidated income statement for 2008, given the level of write-downs already recorded as of December 31, 2007.

1.3.4 Combination between Banque Fédérale des Banques Populaires and Caisse Nationale des Caisses d'Epargne

On October 8, 2008, Groupe Banque Populaire and Groupe Caisse d'Epargne officially announced their plans to combine their two central institutions, Banque Fédérale des Banques Populaires (BFBP) and Caisse Nationale des Caisses d'Epargne (CNCE) to form a single central institution shared by the two independent networks, which would result in the creation of the second largest French banking group.

On November 12, 2008, an agreement for the opening of negotiations was reached between Banque Fédérale des Banques Populaires and Caisse Nationale des Caisses d'Epargne. This agreement lays down the framework for the work to be undertaken and for the discussions to be pursued by the BFPF and the CNCE with a view to reaching a definitive agreement upon the terms of their merger, which is to take effect in the first half of 2009.

Among the planned features of this merger, the framework agreement stipulates that the governance of the company resulting from this merger, which will take the form of a joint-stock corporation (*société anonyme*) with a Management Board and a Supervisory Board, will be based on principles of balance and equality between the two networks.

1.4 Subsequent events

The acquisition by the CNCE of the ownership interest in Crédit Foncier held by Nexity, which occurred in early 2009, will have no material impact on the financial statements for the year ending December 31, 2009.

Note 2 Regulatory framework

In accordance with EC Regulation No. 1606/2002 of July 19, 2002 on the application of international accounting standards, Caisse Nationale des Caisses d'Epargne group has prepared its 2008 consolidated financial statements under International Financial Reporting Standards (IFRS) as adopted for use by the European Union and applicable as of that date, thereby excluding certain provisions of IAS 39 relating to hedge accounting *(see Note 4.2.4)* [1].

The accounting standards and interpretations used and described in the financial statements for the year ended December 31, 2007 were supplemented by the standards and interpretations whose application is mandatory for the first time in 2008, namely:

Amendments to IAS 39 and IFRS 7 Reclassification of financial assets

On October 13, 2008, the IASB published amendments to IAS 39 *Financial instruments: recognition and measurement* and IFRS 7 *Financial instruments: disclosure and presentation*, which allow for the reclassification of certain financial instruments.

(1) These standards can be consulted on the website of the European Commission at the following address: http://ec.europa.eu/internal_market/accounting/ias_fr.htm#adopted-commission.

The provisions of this amendment, applicable as from July 1, 2008, relate to the following reclassifications:

- reclassification of financial assets held for trading into the categories "available-for-sale financial assets", "held-to-maturity financial assets", or "loans and receivables";
- reclassification of the category "available-for-sale financial assets" into the category "loans and receivables".

The impact of these reclassifications on the financial statements of Caisse Nationale des Caisses d'Epargne group is described in Note 5.7.

IFRIC 11 "Group and treasury share transactions" and IFRIC 14 "IAS 19: The limit on a defined benefit asset, minimum funding requirements, and their interaction"

The application of these interpretations has no impact on the group's consolidated financial statements.

Caisse Nationale des Caisses d'Epargne group has decided against early application of the following standards, amendments and interpretations:

IFRS 8 Operating segments

IFRS 8 *Operating segments*, adopted by the European Union on November 22, 2007, is applicable for accounting periods beginning on or after January 1, 2009, the date as of which the group will apply this standard. Apart from its impact on the presentation of financial statements, this standard may theoretically have an impact on the impairment of goodwill that may be reallocated to new segments.

However, Caisse Nationale des Caisses d'Epargne group does not expect the application of IFRS 8 to have a material impact on its financial statements in 2009.

Amendments to IFRS 2, IAS 23, and IFRIC 13 customer loyalty programs

The group does not expect the application of these amendments to have a material impact on its financial statements in 2009.

The following interpretations have not yet been adopted for use by the European Union:

- IFRIC 12 *Service concession arrangements;*
- IFRIC 15 *Agreements for the construction of real estate;*
- IFRIC 16 *Hedges of a net investment in a foreign operation.*

The application of these interpretations is not expected to have a material impact on the group's financial statements.

Finally, some standards and amendments published by the IASB in 2008 will only require mandatory application for periods beginning on or after January 1 or July 1, 2009, or following their adoption by the European Union:

- revised versions of IFRS 3 and IAS 27;
- amendments to IAS 32 and IAS 1;
- improvements to IFRS 2008;
- amendments to IFRS 1 and IAS 27.

The group has decided against early application of these standards and amendments.

Note 3 Principles and methods of consolidation of the Caisse Nationale des Caisses d'Epargne group

3.1 Scope of consolidation

The consolidated financial statements of the Caisse Nationale des Caisses d'Epargne group include the accounts of the Caisse Nationale des Caisses d'Epargne, and all subsidiaries and companies controlled by the group or over which it exercises significant influence, the consolidation of which is material to the group.

3.1.1 Control

Exclusive control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities, and results from either the direct or indirect ownership of the majority of voting rights, the power to appoint a majority of the members of the Board of Directors, or the right to exercise a dominant influence by virtue of a management contract or in accordance with the group's bylaws.

Joint control is the contractually agreed sharing of control over an economic entity involving a limited number of associates or shareholders, such that the entity's financial and operating policies are determined by agreement between those partners, and exists only when the strategic financial and operating decisions require the unanimous consent of the parties sharing control.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control or joint control over those policies. Significant influence may be exercised through representation on the Board of Directors or equivalent governing body of the entity, participation in policy-making decisions, material transactions between the group and the entity, exchanges of managerial personnel or provision of essential technical information. Significant influence is presumed to exist when the group holds, directly or indirectly, 20% or more of the voting rights of an entity.

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing the type of control exercised by the group. These potential voting rights may result, for example, from share call options traded on the market, debt or equity instruments that are convertible into ordinary shares, or equity warrants attached to other financial instruments. However, potential voting rights are not considered for the purpose of determining the group's ownership interest.

3.1.2 Special purpose entities

The group consolidates special purpose entities (SPEs) formed specifically to manage a transaction or a group of transactions with similar characteristics – even if the group has no equity interest in the entity – when in substance they are controlled by the group.

Control is established if, in substance:

- the activities of the SPE are being conducted exclusively on behalf of the group, such that the group obtains benefits from those activities;
- the group has decision-making and management powers over the ordinary activities or the assets of the SPE or by setting up an "autopilot" mechanism, the entity has delegated these decision-making powers;
- the group is entitled to the majority of the benefits of the SPE;
- the group is exposed to a majority of the risks incident to the activities of the SPE.

In view of the situation created by the financial crisis, the group has reviewed the position of certain non-consolidated entities under IAS 27 and SIC 12, as well as with regard to certain or probable future events (*e.g.*, drawdown of liquidity lines, reinstated assets, etc.).

However, entities operating in a fiduciary capacity, on behalf of third parties, and in the interests of all parties involved, are not consolidated.

3.1.3 Private equity businesses

IAS 28 and IAS 31 dealing with investments in associates and interests in joint ventures recognize the specific circumstances of private equity businesses, and allow such entities to choose not to account for investments representing between 20% and 50% of a company's share capital by the equity method, provided that these investments are classified as "Financial assets at fair value through profit or loss".

The private equity subsidiaries of Natixis have chosen to account for their investments in accordance with this provision, on the grounds that it provides more relevant information for investors.

3.2 Consolidation methods

Consolidation methods are based on the group's ability to control an entity, irrespective of the nature of that entity's business activities.

The accounts of entities under exclusive control – including entities with different accounting structures –are carried in the group's accounts as fully consolidated subsidiaries.

Entities that the group jointly controls with a limited number of investors are consolidated on a proportional basis.

Entities over which the group exercises significant influence are accounted for by the equity method.

3.3 Presentation of the consolidated financial statements and balance sheet date

3.3.1 Presentation of the consolidated financial statements

As no specific format is required under IFRS, the presentation used by the group for summarized statements follows Recommendation 2004 R 03 issued by the *Conseil national de la comptabilité* (CNC, the French national accounting board) on October 27, 2004.

3.3.2 Balance sheet date

These consolidated financial statements are prepared on the basis of the accounts of the companies included in the scope of consolidation of the Caisse Nationale des Caisses d'Epargne group as of December 31, 2008, and were adopted by the CNCE's Management Board on February 23, 2009.

3.4 Use of estimates in the preparation of financial statements

The preparation of financial statements requires management to make estimates and assumptions with regard to uncertain future events, based on the judgment of the individuals preparing these financial statements and the information available as of the balance sheet date.

Actual future results may differ from these estimates.

Specifically with respect to the financial statements for the year ended December 31, 2008, the accounting estimates involving assumptions were mainly used in the following areas:

- goodwill impairment testing *(see Note 3.6)*;
- credit risk valuations, including in particular the determination of impairment on an individual basis and of impairment calculated on a portfolio basis *(see Note 4.2.1)*;
- the valuation of financial instruments on the basis of models *(Note 4.2.5)*;
- calculations related to the cost of pensions and future employee benefits *(see Note 4.9)*.

3.5 Consolidation principles

The consolidated financial statements are prepared using uniform accounting policies for reporting like transactions in similar circumstances. Where material, consolidation adjustments are made to ensure the uniformity of the measurement methods applied by consolidated entities.

3.5.1 Elimination of intercompany balances and transactions

The effect of intercompany transactions and balances on the consolidated balance sheet and consolidated income statement is eliminated on consolidation. Gains and losses on intercompany asset disposals are also eliminated, while any intercompany impairment losses are maintained.

3.5.2 Foreign currency translation

The Caisse Nationale des Caisses d'Epargne group's consolidated financial statements are presented in euros.

Balance sheet items of foreign entities whose functional currency is not the euro are translated using the exchange rate in effect on the balance sheet date. Income and expense items are translated at the average exchange rate for the period.

As of January 1, 2005, the Caisse Nationale des Caisses d'Epargne group's transition date to IFRS, differences arising on the translation of balance sheet and income or expense items are recorded in shareholders' equity under "Translation adjustments" for the portion attributable to equity holders of the parent, and under "Minority interests" for the portion attributable to minority shareholders.

3.6 Business combinations

All business combinations carried out after January 1, 2005, the Caisse Nationale des Caisses d'Epargne group's transition date to IFRS, are accounted for by applying the purchase method, except business combinations involving two or more mutual entities or entities under common control, as these transactions do not fall within the scope of IFRS 3.

The cost of a business combination is the aggregate of the fair values, as of the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the entity, plus any costs directly attributable to the business combination.

All identifiable assets, liabilities, contingent liabilities and off-balance sheet items of the acquiree are recognized at fair value as of the acquisition date. The provisional accounting for a business combination may be adjusted within 12 months of the acquisition date.

Goodwill represents the difference between the cost of the business combination and the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Goodwill is recognized in the acquirer's balance sheet and negative goodwill is recognized immediately in profit or loss.

In the event that the group increases its interest in an entity it already controls, the transaction gives rise to the recognition of additional goodwill, which is determined by comparing the cost of the shares with the Group's interest in the net assets acquired.

Goodwill is recognized in the functional currency of the acquiree and is translated at the closing exchange rate.

It is tested for impairment at least annually, or more frequently if events or changes in circumstances indicate that it might be impaired.

As of the acquisition date, goodwill acquired in a business combination is allocated to each of the cash-generating units (CGUs), or groups of cash-generating units, expected to benefit from the synergies of the combination. Cash-generating units have been defined within the group's core businesses so as to represent the lowest level within an activity used by management to monitor return on investment. Impairment tests consist in comparing the carrying value of each CGU (including allocated goodwill) with its recoverable amount (the higher of the fair value of the unit and its value in use).

Fair value is defined as the best estimate of the amount, less costs to sell, for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction, on the basis of available market information and taking account of any specific circumstances. The value in use of each CGU is calculated using the most appropriate method, although generally with reference to the present value of estimated future cash flows.

An impairment loss is recognized in income if the carrying amount of the CGU exceeds its recoverable amount. Impairment losses recognized for goodwill may not be reversed in subsequent periods.

Note 4 Accounting policies

4.1 Foreign currency transactions

The method used to account for assets and liabilities relating to foreign currency transactions entered into by the Group depends upon whether the asset or liability in question is classified as a monetary or a non-monetary item.

Monetary assets and liabilities expressed in foreign currencies are translated into the functional currency of the group entity in whose balance sheet they are recognized, at the exchange rate in effect on the balance sheet date. All resulting translation differences are recognized in income, except in the following two cases:

- only the portion of the translation difference calculated based on the amortized cost of available-for-sale financial assets is recognized in income, with any additional translation difference recognized in equity;
- translation differences arising on monetary items designated as cash flow hedges or as part of a net investment in a foreign operation are recognized in equity.

Non-monetary assets carried at historical cost are translated using the exchange rate in effect on the transaction date, while non-monetary assets measured at fair value are translated using the closing rate on the balance sheet date. Translation differences on non-monetary items are recognized in income if gains and losses relating to the items are recorded in income, and in equity if gains and losses relating to the items are recorded in equity.

4.2 Financial assets and liabilities

4.2.1 Loans and receivables

Amounts due from credit institutions and customers and certain investments not quoted in an active market and not held for trading are generally recorded in "Loans and receivables" *(see Note 4.2.2).*

Loans and receivables are initially recorded at fair value plus any costs directly related to their issuance, less any proceeds directly attributable to issuance such as loan set-up fees. On subsequent balance sheet dates, they are measured at amortized cost using the effective interest method.

The effective interest rate is the rate that exactly discounts estimated future cash flows (payments or receipts) to the fair value of the loan at inception. This rate includes any discounts recorded in respect of loans granted at below-market rates, as well as any fees and points paid or received and transaction costs directly related to the issue of the loan, which are treated as an adjustment to the effective yield on the loan.

Restructured loans

Loans may be restructured due to financial difficulties being experienced by the debtor. The restructured terms may be the result of an amicable settlement with the debtor in question, a court ruling, or a decision by a special debt commission.

A discount is taken on restructured loans to reflect the difference between the present value of the contractual cash flows at inception and the present value of expected principal and interest repayments after restructuring. The discount rate used is the original effective interest rate. This discount is expensed to "Cost of risk" in the income statement and offset against the corresponding outstanding in the balance sheet. It is written back to net interest income in the income statement over the life of the loan.

Impairment of loans and receivables

An impairment loss is recognized when, after the inception of the loan, objective evidence of impairment exists whose impact on future cash flows can be measured reliably.

Impairment on an individual basis

Loans are first assessed for impairment on an individual basis. A risk is considered incurred when it is probable that the Group will not collect all or part of the sums due under the terms of the commitments made by the counterparty, notwithstanding any guarantees or collateral. Loans and receivables are classified as non-performing:

- when one or more installments is at least three months past due (six months past due in the case of loans to local authorities);
- when the financial position of the counterparty presents a known risk, irrespective of whether the counterparty has defaulted (serious financial difficulties being experienced by the debtor, increase in the number of overdue payments, significant likelihood of bankruptcy, etc.);
- in the event of litigation.

The amount of impairment is the difference between the carrying amount of the asset and the present value of estimated future cash flows discounted at the original effective interest rate. Impairment is calculated taking into account the impact of any collateral inherent in the contract. The amount of this impairment is recorded in the income statement under "Cost of risk", and the value of the financial asset is reduced by the same amount through an impairment charge recorded under a separate account. Any decrease in the impairment loss in a subsequent period which can be related objectively to an event occurring after the impairment was recognized is credited to the income statement under "Cost of risk".

Once an impairment loss has been recognized, the notional interest on the asset's net carrying value, calculated at the original effective interest rate used to discount estimated future recoverable cash flows to present value, is recorded under "Interest and similar income" in the income statement.

Expected losses on portfolios composed of small loans with similar characteristics may be estimated based on statistical methods.

Impairment on a portfolio basis

Counterparties that are not individually impaired are risk-assessed on the basis of portfolios of loans and receivables with similar characteristics. The existence of incurred risk on a portfolio of loans with similar characteristics leads to an impairment loss, even though the risk cannot at this stage be allocated to individual counterparties.

The methodology implemented by the group to identify at-risk portfolios draws upon a rating system based on an analysis of incident rates and internal ratings drawing on historical data, combined where necessary with an assessment of external credit ratings. The group may also perform an industry or geographical analysis based on an advanced assessment taking account of various economic factors intrinsic to the loans and receivables in question.

Portfolio-based impairment is calculated based on expected losses on the identified population. The probability of default is calculated up to maturity.

4.2.2 Securities

Securities recorded within assets are classified into four categories as defined by IAS 39:

- financial assets at fair value through profit or loss;
- held-to-maturity financial assets;
- loans and receivables;
- available-for-sale financial assets.

Financial assets at fair value through profit or loss

This asset category includes:

- financial assets held for trading, i.e., securities acquired principally for the purpose of selling them in the near term;
- financial assets that the group has chosen to recognize at fair value though profit or loss at inception using the fair value option available under IAS 39.

  The qualifying criteria used when applying this option are described in Note 4.2.6 "Financial assets and liabilities designated at fair value through profit or loss".

The fair value at inception of the assets classified in this category is calculated based on the bid price. These assets are remeasured at fair value at each balance sheet date with any changes in fair value over the period recognized in "Net gain or loss on financial instruments at fair value through profit or loss".

Held-to-maturity financial assets

Held-to-maturity (HTM) financial assets are securities with fixed or determinable payments and fixed maturity that the group has the positive intention and ability to hold until maturity.

IAS 39 does not permit the sale or transfer of these securities before maturity except in certain specific circumstances. In the event that the securities are sold before maturity, all held-to-maturity assets must be reclassified at group level and the held-to-maturity category cannot be used for a period of two years.

Instruments contracted to hedge HTM financial assets against interest rate risk are not permitted.

Held-to-maturity financial assets are recognized at fair value upon inception, including transaction costs. They are subsequently measured at amortized cost using the effective interest method, including any premiums, discounts and acquisition fees, where material.

Loans and receivables

The "Loans and receivables" portfolio comprises non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. In addition, these assets must not expose the group to material losses not related to the deterioration in their credit quality.

Some securities not quoted in an active market may be classified in this portfolio. These are recognized at fair value at inception, which corresponds to their face value plus transaction costs, less any discount and transaction income. Securities classified in this category comply with the rules for recognition, measurement and impairment applicable to loans and receivables.

Available-for-sale financial assets

Available-for-sale financial assets are all securities not classified within the previous three categories.

Available-for-sale financial assets are recognized at purchase cost, including transaction costs.

They are remeasured at fair value as of each balance sheet date. The principles used to determine fair value are described in Note 4.2.5.

Interest income accrued or received on fixed-income securities is recorded under "Interest and similar income", while income from variable-income securities is included within "Net gain or loss on available-for-sale financial assets".

Reclassification of financial assets

The amendments to IAS 39 and IFRS 7 adopted by the European Union on October 15, 2008 define the terms and conditions for the reclassification of non-derivative financial assets at fair value (with the exception of those initially designated at fair value through profit or loss) into other categories:

- reclassification of financial assets held for trading into the categories "available-for-sale financial assets" or "held-to-maturity financial assets".

  Any non-derivative financial assets may be reclassified whenever the group is able to demonstrate the existence of "rare circumstances" leading to this reclassification. For information, the IASB has characterized the financial crisis of the second half of 2008 as a "rare circumstance".

  Only instruments with fixed or determinable payments may be reclassified into "held-to-maturity financial assets". The group must also have the intention and the ability to hold these instruments until maturity. Instruments included in this category may not be hedged against interest rate risk;
- reclassification of "financial assets held for trading" or "available-for-sale financial assets" into the category "loans and receivables".

  Any non-derivative financial asset meeting the definition of "Loans and receivables" and, in particular, any fixed-income instruments not quoted in an active market may be reclassified if the group changes its management strategy and decides to hold the instrument for a foreseeable future or to maturity. The group must also have the ability to hold this instrument over the medium to long term.

Reclassifications are carried out at fair value as of the reclassification date, this value serving, for instruments transferred to categories measured at amortized cost, as the new amortized cost.

A new effective interest rate is then calculated as of the reclassification date in order to bring this new amortized cost in line with the redemption value, which is equivalent to considering that a discount has been taken on the instrument upon reclassification.

For instruments previously recorded under available-for-sale financial assets, the amortization of the new discount over the residual life of the instrument will be offset by the amortization of the unrealized loss recorded under unrealized or deferred gains or losses as of the reclassification date and taken to the income statement on an actuarial basis.

Impairment of securities

An impairment loss is recognized on an individual basis against securities, with the exception of securities classified as financial assets at fair value through profit or loss, when there is objective evidence of impairment resulting from one or more events having occurred since the initial recognition of the asset (known as "loss events"). A loss event is defined as one that has an impact on the estimated future cash flows of a financial asset which can be reliably estimated.

Different rules are used for the impairment of equity instruments and debt instruments.

In the case of equity instruments, a permanent impairment as well as a material decrease in value represent objective indications of impairment. For listed securities, due to the current extreme level of market volatility, a material decrease in value is henceforth deemed to have occurred if the security sheds over 30% of its value over a six-month period (previously, this threshold was set at 20%).

This approach is used alongside an individual assessment of objective indications of impairment for each security, particularly in the event of a marked decline in value prior to year-end. Whenever there are indications of impairment, an analysis of the anticipated future cash flows of the asset is performed. If the group determines that the value of the asset may not be recovered in its entirety, an impairment charge is recorded in the income statement. In the case of unlisted equity instruments, a qualitative analysis of any permanent impairment is carried out using the valuation techniques described in Note 4.2.5.

Impairment losses recognized on equity instruments are irreversible and may not be written back to income. They are recorded in "Net gain or loss on available-for-sale financial assets" with any subsequent increase in value taken to equity until disposal of the securities.

Impairment losses are recognized on instruments such as bonds or securitized transactions (ABS, CMBS, RMBS, cash CDOs, etc.) when there is a known counterparty risk.

The group uses the same impairment indicators for debt securities as those used for individually assessing the impairment risk on loans and receivables, irrespective of the portfolio to which the debt securities are ultimately designated. For perpetual deeply subordinated notes, the group is especially attentive to cases whereby, under certain conditions, the issuer may fail to pay the coupon or may extend the issue beyond the agreed call date.

In the event of an improvement in the issuer's financial position, impairment losses taken on debt instruments may be written back to income. Impairment losses and write-backs are recorded in "Cost of risk".

Date of recognition

Securities are recorded in the balance sheet on the settlement/delivery date.

Rules applicable to partial disposals

The FIFO method is applied to any partial disposals of securities.

Treatment of wash sale transactions

For a gain or loss to be recognized on the sale and repurchase of mutual fund units at the same net asset value, evidence must be available allowing the transaction to be considered as a true sale within the meaning of IAS 39.

A true sale occurs when the sale price is the actual market price.

For this condition to be met, the transaction must comply with the following three criteria:

- the fund must be AMF-approved or have a European UCITS III passport;
- the buy order must be for less than 10% of the fund's net assets;
- if the buy and sell orders are disassociated, the transaction costs must not exceed 1% of the transaction amount.

If these criteria are not met, the results of buy and sell transactions may not be taken to profit or loss unless it can be demonstrated that the value applied is fair and objective.

4.2.3 Debt instruments

Financial instruments issued by the group qualify as debt instruments if the issuer has a contractual obligation to deliver cash or another financial asset to the holder of the instrument, or to exchange the instrument under conditions that are potentially unfavorable to the group.

Issues of debt securities (which are not classified as financial liabilities at fair value through profit or loss) are initially recognized at issue value including transaction costs. They are subsequently measured at amortized cost at each balance sheet date using the effective interest method.

These instruments are recognized in the balance sheet under the headings "Amounts due to credit institutions", "Amounts due to customers", or "Debt securities".

4.2.4 Derivative instruments and hedge accounting

A derivative is a financial instrument or other contract with all three of the following characteristics:

- its value changes in response to the change in a specific interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit ratings or credit index, or other variable, with the understanding that, in the case of a non-financial variable, this variable may not be specific to one of the parties to the contract (sometimes called the "underlying");
- it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors; and
- it is settled at a future date.

All derivative financial instruments are recognized in the balance sheet on the trade date and measured at fair value at inception. They are remeasured at fair value as of each balance sheet date regardless of whether they were acquired for trading or hedging purposes.

Changes in the fair value of derivatives are recognized in profit or loss for the period, except for derivatives qualifying as cash flow hedges for accounting purposes.

Derivative financial instruments are classified into the two categories described below.

Trading derivatives

Derivatives held for trading are recorded in the balance sheet under "Financial assets and liabilities at fair value through profit or loss". Realized and unrealized gains and losses on derivatives held for trading are taken to income on the line "Net gain or loss on financial instruments at fair value through profit or loss".

Hedging derivatives

A hedging relationship qualifies for hedge accounting if, at the inception of the hedge, there is formal documentation of the hedging relationship identifying the hedging strategy, the type of risk hedged, the designation and characteristics of the hedged item and the hedging instrument. In addition, the effectiveness of the hedge must be demonstrated at inception and subsequently verified.

Derivatives contracted as part of a hedging relationship are designated according to the purpose of the hedge.

Fair value hedges

Fair value hedges are intended to reduce exposure to changes in the fair value of an asset or liability carried in the balance sheet, or a firm commitment, in particular the interest rate risk on fixed-rate assets and liabilities.

The gain or loss on the remeasurement of hedging instruments is recognized in profit or loss symmetrically with the gain or loss on the hedged item attributable to the risk being hedged. The ineffective portion of the hedge, if any, is recorded in the income statement under "Net gain or loss on financial instruments at fair value through profit or loss".

Accrued interest on the hedging instrument is taken to income symmetrically with the accrued interest on the hedged item.

Where identified assets or liabilities are hedged, the remeasurement of the hedged component is recognized in accordance with the classification of the hedged item.

If a hedging relationship ceases (investment decision, failure to fulfill effectiveness criteria, or because the hedged item is sold before maturity), the hedging instrument is transferred to the trading book. The remeasurement adjustment recorded in the balance sheet in respect of the hedged item is amortized over the residual life of the initial hedge. If the hedged item is sold before maturity or redeemed early, the cumulative amount of the revaluation is recognized in profit or loss for the period.

Cash flow hedges

The purpose of cash flow hedges is to hedge the exposure to the variability of cash flow that is attributable to a particular risk associated with a recognized asset or liability or with a future transaction (hedge of interest rate risk on variable rate assets or liabilities, hedge of conditions relating to future transactions such as future fixed interest rates, future prices, exchange rates, etc.).

The portion of the gain or loss on the hedging instrument that is deemed to be an effective hedge is recognized on a separate line in equity to be recycled to the income statement; the ineffective portion of the gain or loss on the hedging instrument is recorded in the income statement under "Net gain or loss on financial instruments at fair value through profit or loss".

Accrued interest on the hedging instrument is taken to income symmetrically with the accrued interest on the hedged item and recorded in "Net interest income".

The hedged items are accounted for using the treatment applicable to their specific asset category.

If a hedging relationship ceases (because the hedge no longer meets the effectiveness criteria, the derivative is sold or the hedged item ceases to exist) the cumulative amounts recognized in equity are transferred to the income statement as and when the hedged item impacts profit or loss, or immediately if the hedged item ceases to exist.

Hedges of a net investment in a foreign operation

The net investment in a foreign operation is the amount of the ownership interest held by the consolidating entity in the net assets of the operation.

The purpose of a net investment hedge is to minimize the foreign exchange effect of an investment in an entity whose functional currency is different from the presentation currency of the consolidating entity's financial statements.

Net investment hedges are accounted for in the same manner as cash flow hedges.

Unrealized gains and losses initially recognized in equity are taken to income when the net investment is sold in full or in part.

Macro-hedging

The group applies the so-called "carve-out" from IAS 39 adopted by the European Union.

The version of IAS 39 adopted for use by the European Union does not include certain hedge accounting provisions that appear incompatible with the strategies implemented by European banks to reduce overall exposure to interest rate risk. In particular, the "carve-out" allows the group to make use of hedge accounting for interbank interest rate risk on customer transactions at fixed rates (loans, savings accounts and demand deposits). The group mainly uses plain vanilla interest rate swaps designated upon inception as fair value hedges of fixed-rate deposits and loans.

Macro-hedging derivatives are accounted for in the same way as derivatives used to hedge the fair value of specific transactions (micro-hedging).

In a macro-hedging relationship, gains and losses on the remeasurement of the hedged item are recorded in "Remeasurement adjustment on interest-rate risk hedged portfolios".

The hedges are deemed effective if the derivatives offset the interest rate risk on the underlying fixed-rate portfolio.

Effectiveness is tested in two ways:

- asset-base testing: for plain vanilla swaps designated as hedging instruments upon inception, the group checks that no excess hedging exists (i) prospectively at the date the instrument is designated as a hedge; and (ii) retrospectively at each balance sheet date;
- quantitative testing: other swaps are considered effective if prospectively at the date the instrument is designated as a hedge, or retrospectively at each balance sheet date, changes in the actual value of the swap offset the changes in the value of a hypothetical swap that exactly reflects the underlying hedged item.

If a hedging relationship ceases, the remeasurement adjustment is amortized on a straight-line basis over the residual life of the hedge if the hedged item has not been derecognized, or taken directly to income if the hedged item is no longer recorded in the balance sheet. In particular, derivatives used for macro-hedging may be disqualified for hedge accounting purposes when the nominal amount of the hedged items falls below the nominal amount of the hedging instruments, for example in the case of the prepayment of loans or the withdrawal of deposits.

Embedded derivatives

An embedded derivative is a component of a financial or non-financial hybrid (combined) instrument that qualifies as a derivative. It must be separated from the host contract and accounted for as a derivative if the hybrid instrument is not measured at fair value through profit or loss, and if the economic characteristics and risks associated with the derivative are not closely related to those of the host contract.

Examples of separable embedded derivatives used by the group are plain vanilla or complex interest rate swaps (which provide significant leverage for loans, bonds or financial liabilities) and debt instruments linked to share prices or to counterparty risk other than that of the issuer of an underlying debt instrument (particularly credit linked notes).

Instruments whose contracts contain a price escalation clause that do not meet the definition of an embedded derivative (*e.g.*, cash CDOs) do not have to be separated.

4.2.5 Determination of fair value

General principles

Financial assets and liabilities at fair value through profit or loss and available-for-sale financial assets are recognized at their fair value as of the balance sheet date. Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value of a financial instrument on initial recognition is normally the transaction price (i.e., the fair value of the consideration given or received).

For financial instruments, the best estimate of fair value is a quoted price in an active market. Entities must favor quoted prices in active markets when they exist.

In the absence of a quoted price, fair value may be determined using appropriate valuation techniques that are generally accepted by the financial markets and that make use of observable market inputs rather than data specific to the entity.

Finally, if the extent of observable market data is not adequate to make the determination, fair value may be determined using a valuation methodology relying on internal models. Internal models used in this manner must be calibrated from time to time by matching their results to recent transaction prices.

A market for an instrument is regarded as active if quoted prices are readily and regularly available from an exchange, broker, dealer, pricing service or regulatory authority, and provided those prices represent actual and recurring market transactions conducted at arm's length.

The absence of an active market and observable parameters may be documented on the basis of the following criteria:

- significant drop in the volume of transactions and the level of market activity;
- considerable difficulties in obtaining quoted prices;
- limited number of contributors or no contribution by leading market players;
- widely varying prices available at the same time from different market participants;
- prices not at all representative of the intrinsic value of the asset and/or large disparities between the bid and ask prices (broad price range).

These criteria must be tailored to the characteristics of the assets in question and may be supplemented by any other evidence supporting the contention that the asset is not longer quoted in an active market. In the absence of recent transactions, this demonstration requires, in any event, that the entity apply judgment in determining whether a market is not active.

Day one profit

Day one profit generated upon recognition of a financial instrument cannot be recognized in profit or loss unless the financial instrument can be measured reliably at inception. Financial instruments that can be measured reliably at inception include those traded in active markets and instruments valued using accepted models drawing only on observable market parameters (for example, the use of market yield curves accessible to any participant intended to measure plain vanilla interest rate swaps by determining the present value of future cash flows).

Valuation models used to price some structured products that often involve tailor-made solutions may use parameters that are partially non-observable in active markets. On initial recognition of these instruments, the transaction price is taken to reflect the market price, and the margin generated upon inception (day one profit) is deferred and taken to profit or loss over the period during which the valuation parameters are expected to remain non-observable.

When these parameters become observable, or when the valuation technique used becomes widely recognized and accepted, the portion of day one profit not yet recognized is taken to profit or loss.

Day one profit on operations considered non-observable was restated on a prospective basis for transactions entered into after October 25, 2002.

4.2.6 Financial assets and liabilities designated at fair value through profit or loss

The amendment to IAS 39 adopted by the European Union on November 15, 2005 allows entities to designate financial assets and liabilities on initial recognition as at fair value through profit or loss. However, an entity's decision to designate a financial asset or liability at fair value through profit or loss may not be reversed.

Compliance with the criteria stipulated by the standard must be verified prior to any recognition of an instrument using the fair value option.

In practice, this option may only be applied under the specific circumstances described below.

Elimination or significant reduction of a measurement or recognition inconsistency (accounting mismatch)

The application of the fair value option allows for:

- the elimination of accounting mismatches stemming from the application of different valuation rules to instruments managed in accordance with a single strategy;
- the elimination of restrictions concerning the designation, monitoring and analysis of hedge effectiveness in the case of fair value hedges, as opposing changes in fair value are automatically offset in income (*e.g.*, for a fixed-rate bond combined with a fixed-rate borrower swap).

Harmonization of accounting treatment and performance management and measurement

The option applies for a group of assets and/or liabilities managed and evaluated on a fair value basis, provided that it is based on a formally documented risk management or investment strategy, and information about the group is also reported internally on a fair value basis.

This circumstance mainly arises in connection with Natixis' capital markets activities.

Hybrid financial instruments containing one or more embedded derivatives

The fair value option may be applied when the embedded derivatives substantially modify the cash flows of the host contract and when the separate recognition of the embedded derivative(s) is not specifically prohibited by IAS 39 (*e.g.*, an early redemption option at cost embedded in a debt instrument). The option allows the entire instrument to be measured at fair value, and therefore avoids the need to extract, recognize or separately measure the embedded derivative.

4.2.7 Financial guarantees and financing commitments

Financial guarantees

A contract qualifies as a financial guarantee contract when it contains an indemnity clause requiring the issuer (guarantor) to reimburse the holder of the financial guarantee for a loss it incurs because of default by a specified debtor, who fails to meet payments due at maturity according to the original or amended terms and conditions of a debt instrument.

These contracts are initially measured at fair value. If the contract bears interest, fair value is deemed to be equal to the commission/risk premium received by the issuer. Financial guarantee contracts are subsequently measured at the higher of the best estimate of the amount required to settle the obligation (as per IAS 37) and the initial fair value, less any amortization of the interest as stipulated in IAS 18.

However, financial guarantees that give rise to a payment resulting from fluctuations in financial variables (based on credit ratings, for example) are treated as derivatives under IAS 39 and must be accounted for as such.

Financial guaranty arrangements that are clearly designated as insurance contracts prior to the transition to IFRS are recognized as such in the group's accounts, as provided under IFRS 4.

Financing commitments

Financing commitments that do not qualify as derivative financial instruments are recorded off balance sheet.

A provision is booked if there is a known risk that the counterparty will default. The group uses the same default indicators for financing commitments as those used for assessing the impairment risk on individual loans and receivables. The impairment is calculated on the basis of the value of estimated future cash flows, discounted at the original effective interest rate.

4.2.8 Derecognition of financial assets and liabilities

A financial asset (or group of similar financial assets) is derecognized when the contractual rights to the asset's future cash flows expire or when such rights are transferred to a third party, together with substantially all of the risks and rewards associated with ownership of the asset.

An asset or liability reflecting rights and obligations created or retained as a result of the transfer of the asset (or group of assets) is recorded on a separate line in the balance sheet.

When a financial asset is derecognized in full, a gain or loss on disposal is recorded in profit or loss reflecting the difference between the carrying amount of the asset and the consideration received.

If the group has retained control of the financial asset, the asset continues to be recognized in the balance sheet to the extent of the group's continuing involvement.

The group only removes a financial liability (or a part of a financial liability) from its balance sheet when it is extinguished, i.e., when the obligation specified in the contract is discharged, terminated or expires.

Repurchase agreements

Securities sold under repurchase agreements are not derecognized in the assignor's accounts. A liability representing the commitment to return the funds received is identified and recognized under "Securities sold under repurchase agreements". This financial liability is recorded at amortized cost, not at fair value.

In the assignee's books, securities acquired are not recognized but a receivable is recognized on the assignor representing the funds lent. The amount disbursed in respect of the assets is recorded under "Securities received under repurchase agreements".

On subsequent balance sheet dates, the securities continue to be accounted for by the assignor in accordance with the rules applicable to the category in which they were initially classified. The receivable continues to be recorded at face value under loans and receivables.

Securities lending

Securities lending/borrowing transactions do not qualify as transfers of financial assets within the meaning of IFRS. Accordingly, these operations do not lead to derecognition of the securities loaned, which continue to be recognized in the category in which they were initially classified and valued accordingly. Borrowed securities are not recognized in the borrower's balance sheet.

4.2.9 Income and expense relating to financial assets and liabilities

Interest income and expense is recognized on all financial instruments measured at amortized cost using the effective interest method.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the net carrying amount of the financial asset or financial liability.

The effective interest rate calculation takes account of all transaction fees paid or received as well as premiums and discounts. Transaction fees paid or received that are an integral part of the effective interest rate of the contract, such as loan set-up fees and commissions paid to financial intermediaries, are treated as additional interest.

Commissions are recorded in the income statement by type of service provided, and according to the method used to recognize the associated financial instrument:

- commissions payable on recurring services are spread over the period in which the service is provided (payment processing, securities deposit fees, etc.);
- commissions payable on occasional services are recognized in full in the income statement when the service is provided (fund transfers, payment penalties, etc.);
- commissions payable on execution of a significant transaction are recognized in full in the income statement on completion of the transaction.

4.3 Investment property

Investment property is property held to earn rentals or for capital appreciation, or both.

The accounting treatment for investment property is identical to that used for property, plant and equipment (*see Note 4.4*) for all Group entities except for the sub-group Natixis Assurance, which recognizes the property it holds as investments in connection with insurance contracts at fair value, with any adjustment to fair value recorded in profit or loss. Fair value is determined used a multi-pronged approach by reference to the capitalization of lease payments at market rates and through comparison with recent completed purchase and sale transactions involving similar property.

4.4 Property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets are initially recognized at cost plus any directly attributable acquisition costs. Software developed internally that fulfills the criteria for recognition as a fixed asset is recognized at its production cost, which includes external charges and the labor costs of employees directly assigned to the project.

The component-based approach is applied to all buildings. The depreciable amount of the asset takes account of its residual value where this is material and can be measured reliably.

After initial recognition, property, plant and equipment and intangible assets are measured at cost less any accumulated depreciation, amortization or impairment.

Property, plant and equipment and intangible assets are depreciated or amortized in order to reflect the pattern in which the asset's future economic benefits are expected to be consumed by the entity, which generally corresponds to the asset's useful life. Where an asset consists of a number of components that have different uses or patterns of consumption of economic benefits, each component is recognized separately and depreciated over a period that reflects the useful life of that component.

The depreciation and amortization periods used by the group are as follows:

- buildings: 20 to 50 years;
- fixtures and fittings: 5 to 20 years;
- furniture and special equipment: 4 to 10 years;
- computer equipment: 3 to 5 years;
- computer software: not more than 5 years.

Property, plant and equipment and intangible assets are tested for impairment if there is an indication that they may be impaired as of the balance sheet date. If the revised recoverable amount of the asset is lower than its carrying amount, an impairment loss is recognized in the income statement.

This loss is reversed in the event of a change in the estimated recoverable amount or if there is no longer an indication of impairment.

4.5 Leases

Leases are analyzed to determine whether in substance and economic reality they are finance leases or operating leases.

4.5.1 Finance leases

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset. It is treated as a loan granted by the lessor to the lessee in order to finance the purchase of an asset.

In the lessor's financial statements, a receivable is recorded representing the present value of future lease payments (plus the residual value in certain cases). Lease payments received are spread over the lease term, and are treated as repayment of principal and finance income, so as to reflect a constant rate of return on the lessor's net investment in the lease. The interest rate used is the rate implicit in the lease.

Impairment losses recognized on these receivables are determined in the same way as for "Loans and receivables".

In the lessee's financial statements, finance lease contracts with purchase options are treated as the purchase of an asset financed by a loan.

4.5.2 Operating leases

An operating lease is a lease under which substantially all the risks and rewards of ownership of an asset are not transferred to the lessee.

In the lessor's financial statements, the asset is recognized under property, plant and equipment and depreciated on a straight-line basis over the lease term. The depreciable amount does not take into account the residual value of the asset. Lease payments are recognized in income over the lease term.

The leased asset is not recognized in the balance sheet of the lessee. Lease payments are expensed on a straight-line basis over the lease term.

4.6 Non-current assets held for sale and associated liabilities

Where there is a decision to sell non-current assets and it is highly probable that the sale will occur within 12 months, these assets are shown separately in the balance sheet on the line "Non-current assets held for sale". Any liabilities associated with these assets are also shown separately in the balance sheet on the line "Liabilities associated with non-current assets held for sale".

Once classified in this category, non-current assets are no longer depreciated/amortized and are measured at the lower of the carrying amount and fair value less costs to sell. Financial instruments continue to be measured in accordance with IAS 39.

4.7 Provisions

Provisions recorded under liabilities (other than those relating to employee benefit obligations, off-balance sheet commitments, and insurance contracts) mainly consist of provisions for restructuring, claims and litigation, fines and penalties, and tax risks.

Provisions are liabilities of uncertain timing or amount. They represent legal or constructive obligations with regard to third parties, which are likely or certain to result in an outflow of resources embodying economic benefits, with no equivalent consideration in return.

A liability is only recognized in the event that the amount can be measured with sufficient reliability. The amount recognized in provisions is the best estimate of the expense required to extinguish the present obligation as of the balance sheet date.

Provisions are discounted when the impact of discounting is material.

Subsequent additions to and reversals from provisions are taken to the income statement on the line corresponding to the type of expense for which the provision was booked.

4.8 Distinction between debt and equity

Financial instruments issued are classified as either debt or equity according to whether or not the issuer has a contractual obligation to deliver cash or another financial asset to the holders. This obligation must result from specific contractual terms and conditions and not merely from economic compulsion.

Commitments to buy back minority interests (written puts)

The group has entered into commitments with minority shareholders of certain fully consolidated companies to buy back their shares.

In accordance with IAS 32, when minority shareholders are granted written puts for their investment, their share in the net assets of subsidiaries should be regarded as debt and not equity.

The group records in goodwill the difference between the amount of the commitment and the value of the minority interests (representing the corresponding adjustment to the debt).

4.9 Employee benefits

The group grants its employees a variety of benefits that fall into the four categories described below.

4.9.1 Short-term employee benefits

Short-term employee benefits mainly include wages, salaries, paid annual leave, incentive plans, profit sharing, and bonuses payable within 12 months of the end of the period in which the employee renders the service.

They are recognized as an expense for the period, including amounts remaining due as of the balance sheet date.

4.9.2 Long-term employee benefits

Long-term employee benefits are generally linked to long-service awards accruing to current employees and payable 12 months or more after the end of the period in which the employee renders the related service.

Long-term employee benefits consist mainly of jubilee bonuses. A provision is set aside for the value of these obligations as of the balance sheet date which is assessed using the same actuarial method as that applied to post-employment benefits.

4.9.3 Termination benefits

Termination benefits are granted to employees on termination of their contract before the normal retirement date, either as a result of a decision by the group to terminate a contract or a decision by an employee to accept voluntary redundancy. A provision is set aside for termination benefits. Termination benefits payable more than 12 months after the balance sheet date are discounted to present value.

4.9.4 Post-employment benefits

Post-employment benefits include lump-sum retirement bonuses, pensions and other post-employment benefits.

They fall into two categories: defined-contribution plans, which do not give rise to an obligation for the group, and defined-benefit plans, which give rise to an obligation for the group and are therefore measured and recognized by means of a provision.

The group records a provision in liabilities for employee benefit obligations that are not funded by contributions charged to income and paid out to pension funds or insurance companies.

Post-employment benefit obligations are valued using an actuarial method that takes account of demographic and financial assumptions such as age, length of service, the likelihood of the employee being employed by the group at retirement and the discount rate. It also takes into consideration the value of plan assets and unrecognized actuarial gains and losses, and allocates costs over the working life of each employee (projected unit credit method). The measurement of these obligations takes into consideration the value of plan assets as well as unrecognized actuarial gains and losses.

Actuarial gains and losses on post-employment benefits, arising as a result of changes in actuarial assumptions (early retirement, discount rate, etc.) or experience adjustments (return on plan assets, etc.) are recognized for the portion that exceeds the greater of 10% of the present value of the defined-benefit obligation and 10% of the fair value of any plan assets (corridor method).

In accordance with the option available under IFRS 1, the group has elected to recognize cumulative actuarial gains and losses in equity as of the transition date.

The annual expense recognized in respect of defined-benefit plans includes the current service cost, interest cost (the effect of discounting the obligation), the expected return on plan assets and the amortization of any unrecognized items.

4.10 Share-based payment

Share-based payment transactions are payments based on shares issued by the group, regardless of whether transactions are settled in the form of equity or cash, the value of which fluctuates in line with the share price.

The group elected to apply IFRS 2 for plans set up after November 7, 2002 that had not vested as of January 1, 2005.

The cost to the group is calculated on the basis of the fair value as of the grant date of the share purchase or subscription options granted by certain subsidiaries. The total cost of the plan is determined by multiplying the value of the option by the estimated number of options that will have vested at the end of the vesting period, taking account of the likelihood that the grantees will still be employed by the group, and of any non-market performance conditions that may affect the plan.

The cost to the group is recognized in profit or loss from the date the employees are notified of the plan, without waiting for the vesting conditions, if any, to be satisfied (for example, in the case of a subsequent approval process), or for the beneficiaries to exercise their options.

The corresponding adjustment for the expense recorded on equity-settled plans is an increase in equity.

The group recognizes a liability for cash-settled plans. The related cost, equivalent to the fair value of the liability, is taken to income over the vesting period and a corresponding adjustment is booked to a debt account. The debt is remeasured to fair value, with changes in fair value taken to profit or loss until the debt is settled.

4.11 Deferred taxes

Deferred taxes are recognized when temporary differences arise between the carrying value of assets and liabilities in the balance sheet and their tax base.

Deferred taxes are calculated by the comprehensive method, which takes into account all temporary differences, irrespective of when the tax is expected to be recovered or settled.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability settled based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

Deferred tax liabilities and assets are offset at the level of each consolidated entity. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the temporary difference will be utilized in the foreseeable future.

Deferred taxes are recognized as tax income or expense in the income statement, except for deferred taxes relating to unrealized gains or losses on available-for-sale assets and to changes in the fair value of derivatives used as cash flow hedges, which are taken to equity.

4.12 Insurance businesses

Financial assets and liabilities of insurance businesses are recognized in accordance with the provisions of IAS 39. They are classified into categories defined by this standard, which calls for specific approaches to measurement and accounting treatment.

Pending amendments to IFRS 4, insurance liabilities continue to be measured broadly in line with French GAAP.

In accordance with Phase I of IFRS 4, insurance contracts are classified into three categories:

- contracts that expose the insurer to a significant insurance risk within the meaning of IFRS 4: this category comprises policies covering personal risk insurance, pensions, property and casualty insurance, and unit-linked savings policies carrying a minimum guarantee. These contracts will continue to be measured under the rules provided under local GAAP for measuring technical reserves;
- financial contracts such as savings schemes that do not expose the insurer to a significant insurance risk are recognized in accordance with IFRS 4 if they contain a discretionary participation feature, and will continue to be measured in accordance with the rules for measuring technical reserves provided under local GAAP;
- financial contracts without a discretionary participation feature such as contracts invested exclusively in units of accounts and without a minimum guarantee, are accounted for in accordance with IAS 39.

Most financial contracts issued by group entities contain discretionary participation features.

The discretionary participation feature grants life insurance policyholders the right to receive a share in the financial income realized, in addition to guaranteed benefits. For these contracts, in accordance with shadow accounting principles defined by IFRS 4, the provision for deferred policyholders' participation is adjusted to include the policyholders' share in the unrealized gains or losses on financial instruments measured at fair value in application of IAS 39. The share in the gains of losses attributable to policyholders is determined on the basis of the characteristics of contracts likely to generate such gains or losses.

Any change in deferred policyholders' participation is taken to equity for changes in the value of available-for-sale financial assets and to profit or loss for changes in the value of financial assets at fair value through profit or loss.

At each balance sheet date, the group assesses whether its recognized insurance liabilities are adequate, based on the estimated present value of future cash flows from its insurance contracts and investment contracts containing a discretionary participation feature. The liability adequacy test shows the economic value of the liabilities corresponding to the average derived from stochastic analyses. If the sum of the surrender value and deferred policyholders' participation is lower than the fair value of the technical reserves, the shortfall is recognized against income.

4.13 Real Estate businesses

Revenues from the Real Estate businesses are derived from real estate development activities in the residential and commercial sectors and from related services.

Projects in progress as of the balance sheet date are recognized on a percentage of completion basis in line with the latest operating budgets.

When the outcome of a project cannot be reliably estimated, revenues are only recognized to the extent of costs incurred as revenue that are expected to be fully recoverable.

Operating margins include all project-related costs:

- land acquisition;
- site preparation and construction;
- planning taxes (*taxes d'urbanisme*);

- preliminary surveys (these are only charged to the project if the win probability is high);
- internal project management fees;
- project-related marketing costs (internal and external sales commissions, advertising expenses, on-site sales office, etc.).

Inventories and work in progress comprise land measured at cost, work in progress (site preparation and construction costs) and deliverables measured at prime cost. Borrowing costs are not included in inventories.

Preliminary surveys commissioned in the pre-development phase are only charged to the project if there is a high probability that the project will actually go ahead. If this is not the case, these costs are expensed to the period.

When the net realizable value of inventories and work-in progress is less than their prime cost, a provision for impairment loss is recognized.

4.14 Determination of the fair value disclosed in the notes to the financial statements

The principles used to determine the fair value of financial instruments carried in the balance sheet at fair value are described in Note 4.2.5.

Financial instruments not carried at fair value in the balance sheet are measured using best-estimate models incorporating certain assumptions as of the balance sheet date.

The carrying amount of assets and liabilities is deemed to be their market value in the following cases:

- variable-rate assets and liabilities where changes in interest rate do not have a material impact on fair value and where credit risk sensitivity is immaterial for the period;
- current financial assets and liabilities (with an initial term of one year or less), where interest-rate risk sensitivity and credit risk sensitivity are immaterial for the period;
- liabilities repayable on demand;
- regulated products, particularly regulated savings products, where prices are set by state authorities.

Fair value of the loan book

The fair value of loans is determined using in-house valuation models that discount future principal and interest repayments to present value over the remaining life of the loan at the monthly interest rate for like loans with similar maturities. Early repayment options are factored into the model via an adjustment to loan repayment schedules.

Fair value of debt

In the absence of an active market, the fair value of non-current fixed-rate debt owed to credit institutions and customers is deemed to be equal to the present value of future cash flows discounted at the market rate of interest as of the balance sheet date.

Fair value of investment property

The fair value of investment property is based on expert appraisals.

The most important property assets are appraised annually, while other property is appraised on a regular or as-needed basis if a particular event has a material impact on the value of an asset.

Note 5 Notes to the consolidated balance sheet

5.1 Financial assets and liabilities at fair value through profit or loss

Financial assets and liabilities at fair value through profit or loss comprise instruments held for trading, including derivatives, and certain assets and liabilities that the group has chosen to recognize at fair value, as of their date of acquisition or issue, using the fair value option available under IAS 39.

Financial assets in the trading portfolio mainly include proprietary securities transactions, repurchase agreements and derivative instruments contracted by the group to manage its risk exposure.

Financial liabilities at fair value through profit or loss include securities borrowing and short selling transactions, repurchase agreements and derivative instruments.

5.1.1 Financial assets at fair value through profit or loss

	12/31/2008			12/31/2007		
In millions of euros	Trading book	Fair value option	Total	Trading book	Fair value option	Total
Treasury bills and similar securities	6,740	258	6,998	6,286	233	6,519
Bonds and other fixed-income securities	8,215	4,908	13,123	16,701	7,414	24,115
Fixed-income securities	**14,955**	**5,166**	**20,121**	**22,987**	**7,647**	**30,634**
Equities and other variable-income securities	**6,494**	**4,346**	**10,840**	**10,816**	**2,565**	**13,381**
Loans to credit institutions	397	819	1,216	1,685	919	2,604
Loans to customers	725	2,886	3,611	1,075	2,095	3,170
Loans	**1,122**	**3,705**	**4,827**	**2,760**	**3,014**	**5,774**
Repurchase agreements	**0**	**3,847**	**3,847**	**0**	**1,885**	**1,885**
Trading derivatives	**66,275**		**66,275**	**25,661**		**25,661**
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	**88,846**	**17,064**	**105,910**	**62,224**	**15,111**	**77,335**

In 2008, in application of the amendment to IAS 39, financial assets held for trading in the amount of €4,438 million were reclassified into other categories.

Explanation of the classification of financial assets designated at fair value through profit or loss

In millions of euros	Accounting mismatches	Fair value measurement	Embedded derivatives	Financial assets designated at fair value
Fixed-income securities	3,654	1,111	401	5,166
Equities and other variable-income securities	2,297	1,991	58	4,346
Loans and repurchase agreements	778	4,205	2,569	7,552
TOTAL	**6,729**	**7,307**	**3,028**	**17,064**

Financial assets accounted for under the fair value option mainly concern assets containing embedded derivatives, such as certain structured loans to local authorities, bonds hedged by a structured swap not designated as a hedging instrument, or fixed-income instruments index-linked to a credit risk.

In connection with Natixis' capital markets activities, the use of the fair value option has mainly helped to avoid accounting mismatches between an asset (or group of assets) and a liability (or group of liabilities) having a perceived economic relationship. This is particularly the case between an asset and a hedging derivative when the conditions for hedge accounting are not met. Groups of financial assets and financial liabilities managed and evaluated on a fair value basis in connection with these same activities are also accounted for under the fair value option.

Loans and receivables designated at fair value through profit or loss and credit risk

	Credit risk exposure		Change in fair value attributable to credit risk	
In millions of euros	**12/31/2008**	12/31/2007	Period	Cumulative
Loans to credit institutions	819	919	0	0
Loans to customers	2,886	2,095	0	0
TOTAL	**3,705**	**3,014**	**0**	**0**

Loans and receivables designated at fair value through profit or loss are not generally hedged through the purchase of protection.

5.1.2 Financial liabilities at fair value through profit or loss

In millions of euros	**12/31/2008**	12/31/2007
Short selling of securities	284	305
Repurchase agreements	8,551	11,288
Other financial liabilities	496	670
Financial liabilities held for trading	**9,331**	**12,263**
Trading derivatives	**65,200**	**24,948**
Interbank term accounts and loans	4,375	3,802
Customer term accounts and loans	1,082	1,369
Debt securities	23,123	23,828
Subordinated debt	24	117
Repurchase agreements	2,242	1,171
Other financial liabilities	9	0
Financial liabilities designated at fair value through profit or loss	**30,855**	**30,287**
TOTAL FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	**105,386**	**67,498**

Explanation of the classification of financial liabilities designated at fair value through profit or loss

In millions of euros	Accounting mismatches	Fair value measurement	Embedded derivatives	**Financial liabilities designated at fair value**
Interbank term accounts and loans	4,275	79	21	4,375
Customer term accounts and loans	1,024	58	0	1,082
Debt securities	13,448	3,685	5,990	23,123
Subordinated debt	0	0	24	24
Repurchase agreements and other financial liabilities	0	2,251	0	2,251
TOTAL	**18,747**	**6,073**	**6,035**	**30,855**

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Financial liabilities accounted for under the fair value option mainly consist of structured debt issues containing embedded derivatives. Most of these operations are handled by Natixis and Crédit Foncier.

In connection with Natixis' capital markets activities, the use of the fair value option has mainly helped to avoid accounting mismatches between an asset (or group of assets) and a liability (or group of liabilities) having a perceived economic relationship. This is particularly the case between an asset and a hedging derivative when the conditions for hedge accounting are not met.

Financial liabilities designated at fair value through profit or loss and credit risk

	Carrying amount		Contractual amount due at maturity		Difference between carrying value and contractual amount due at maturity	
In millions of euros	**12/31/2008**	12/31/2007	**12/31/2008**	12/31/2007	**12/31/2008**	12/31/2007
Interbank term accounts and loans	4,375	3,802	4,375	3,778	0	24
Customer term accounts and loans	1,082	1,369	1,230	1,376	(148)	(7)
Debt securities	23,123	23,828	23,535	23,964	(412)	(136)
Subordinated debt	24	117	36	182	(12)	(65)
Repurchase agreements and other financial liabilities	2,251	1,171	2,252	1,171	(1)	0
TOTAL	**30,855**	**30,287**	**31,428**	**30,471**	**(573)**	**(184)**

The amount contractually due on loans upon maturity includes the outstanding amount of the principal as of the balance sheet date as well as the accrued interest not yet due. In the case of securities, the redemption value is generally used.

As of December 31, 2008, the difference attributable to own credit risk (valuation of the issuer spread) amounted to €394 million, including a positive impact on net banking income for the period of €383 million. This revaluation relates to the issues carried out by Natixis and by Compagnie de Financement Foncier.

5.1.3 Trading derivatives

The notional amounts of derivative instruments are merely an indication of the volume of the group's activities in financial instruments markets, and do not reflect the market risks associated with such instruments. The positive and negative fair values represent the cost of replacing these instruments, which may fluctuate significantly in response to changes in market parameters.

In millions of euros	12/31/2008 Notional amount	12/31/2008 Positive fair value	12/31/2008 Negative fair value	12/31/2007 Notional amount	12/31/2007 Positive fair value	12/31/2007 Negative fair value
Interest rate	1,781,265	35,781	36,338	1,590,869	14,945	14,344
Equity	1,199	9	31	6,291	18	55
Currency	226,470	6,029	6,455	177,773	3,147	3,502
Other	58,334	50	870	59,722	52	767
Futures	**2,067,268**	**41,869**	**43,694**	**1,834,655**	**18,162**	**18,668**
Interest rate	532,823	875	1,038	633,606	558	667
Equity	30,306	2,369	1,676	38,663	2,200	2,028
Currency	59,602	1,077	1,167	56,865	351	359
Other	16,413	1,174	255	12,473	814	64
Options	**639,144**	**5,495**	**4,136**	**741,607**	**3,923**	**3,118**
Credit derivatives	**303,307**	**18,911**	**17,370**	**292,339**	**3,576**	**3,162**
TOTAL TRADING DERIVATIVES	**3,009,719**	**66,275**	**65,200**	**2,868,601**	**25,661**	**24,948**

5.2 Hedging derivatives

To qualify for hedge accounting, derivatives must comply with the conditions set out under IAS 39 from inception through to the unwinding of the hedge. In particular, the effectiveness of the hedge must be demonstrated and documented on both a prospective and retrospective basis.

Fair value hedges mainly consist of interest rate swaps that protect fixed-rate financial instruments against changes in fair value attributable to changes in market rates of interest. They transform fixed-rate assets or liabilities into variable-rate instruments and include mostly hedges of fixed-rate loans, borrowings, securities, deposits and subordinated debt.

Cash flow hedges make it possible to "fix" or control the variability in cash flows on variable-rate instruments. Natixis uses cash flow hedges mainly to manage its overall interest rate risk position. They are also used to hedge variable-rate loans, borrowings and deposits.

In millions of euros	12/31/2008 Notional amount	12/31/2008 Positive fair value	12/31/2008 Negative fair value	12/31/2007 Notional amount	12/31/2007 Positive fair value	12/31/2007 Negative fair value
Interest rate	294,771	5,086	3,801	255,982	2,136	2,341
Currency	23,063	1,565	2,968	18,999	318	1,827
Futures	***317,834***	***6,651***	***6,769***	***274,981***	***2,454***	***4,168***
Interest rate	6,587	159	0	2,809	61	0
Equity	0	0	0	0	1	0
Options	***6,587***	***159***	***0***	***2,809***	***62***	***0***
Fair value hedges	**324,421**	**6,810**	**6,769**	**277,790**	**2,516**	**4,168**
Cash flow hedges	**6,132**	**71**	**43**	**22,937**	**91**	**47**
Credit derivatives	**977**	**137**	**0**	**525**	**0**	**0**
TOTAL HEDGING DERIVATIVES	**331,530**	**7,018**	**6,812**	**301,252**	**2,607**	**4,215**

5.3 Available-for-sale financial assets

These are non-derivative financial assets that are not classified as at fair value through profit or loss, held to maturity, or as loans and receivables.

In millions of euros	**12/31/2008**	12/31/2007
Treasury bills and similar securities	180	241
Bonds and other fixed-income securities	19,140	27,190
Fixed-income securities	**19,320**	**27,431**
Equities and other variable-income securities	**4,676**	**6,708**
Loans to customers	111	140
Loans	**111**	**140**
Doubtful loans and receivables	**158**	**72**
Available-for-sale financial assets, gross	**24,265**	**34,351**
Impairment of doubtful receivables	(125)	(37)
Permanent impairment of equities and other variable-income securities	(532)	(261)
TOTAL AVAILABLE-FOR-SALE FINANCIAL ASSETS	**23,608**	**34,053**
Unrealized gains or losses on available-for-sale financial assets (before tax)	**(388)**	**940**

Impairment losses are recognized for available-for-sale financial assets whenever the group considers that its investment may not be recovered. For variable-income instruments quoted in an active market, a price decline in excess of 30% over a six-month period constitutes an impairment loss. The amount of unrealized losses relating to variable-income instruments with indications of impairment but for which impairment was not recognized due to the likelihood of recovery of the initial investment is not material.

In 2008, in application of the amendment to IAS 39, financial assets in the amount of €523 million were reclassified into the category "Available-for-sale financial assets" and available-for-sale financial assets in the amount of €13,287 million were reclassified into the category "Loans and receivables".

5.4 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Most loans originated by the Group are classified in this category.

5.4.1 Loans and receivables due from credit institutions

In millions of euros	12/31/2008	12/31/2007
Current accounts	6,019	13,563
Overnight deposits and loans	4,778	4,043
Repurchase agreements	35	747
Amounts due from credit institutions - repayable on demand	**10,832**	**18,353**
Term deposits and loans	88,639	87,327
Repurchase agreements	13,721	23,393
Subordinated and participating loans	2,736	1,815
Amounts due from credit institutions - repayable at agreed maturity dates	**105,096**	**112,535**
Finance leases	**59**	**98**
Securities classified as loans and receivables	**4,048**	**833**
Doubtful loans and receivables	**255**	**15**
Loans and receivables due from credit institutions, gross	**120,290**	**131,834**
Impairment	(186)	(26)
TOTAL LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS	**120,104**	**131,808**

"Impairment" covers provisions calculated on an individual basis as well as portfolio-assessed provisions.

The fair value of loans and receivables due from credit institutions was €118,600 million as of December 31, 2008 and €132,023 million as of December 31, 2007.

5.4.2 Loans and receivables due from customers

In millions of euros	**12/31/2008**	12/31/2007
Current accounts	**3,992**	**3,907**
Loans to financial institutions	2,446	2,742
Short-term credit facilities	19,498	17,154
Equipment loans	20,877	17,427
Home loans	55,180	51,690
Export credit	787	672
Other	10,530	8,607
Repurchase agreements	4,466	9,405
Subordinated loans	38	19
Other customer loans	**113,822**	**107,716**
Finance leases	**5,982**	**5,702**
Insurance-related receivables	**262**	**276**
Factoring	**2,329**	**2,090**
Securities classified as loans and receivables	**39,378**	**24,193**
Doubtful loans and receivables	**2,816**	**2,331**
Loans and receivables due from customers, gross	**168,581**	**146,215**
Impairment	(1,993)	(1,289)
TOTAL LOANS AND RECEIVABLES DUE FROM CUSTOMERS	**166,588**	**144,926**

"Impairment" covers provisions calculated on an individual basis as well as portfolio-assessed provisions.

The fair value of loans and receivables due from customers was €164,303 million as of December 31, 2008 and €144,134 million as of December 31, 2007.

In 2008, in application of the amendment to IAS 39, financial assets in the amount of €17,202 million were reclassified into the category "Loans and receivables due from customers".

5.5 Amounts due to credit institutions and customers

These liabilities, which are not classified as financial liabilities at fair value through profit or loss, are carried at amortized cost under "Amounts due to credit institutions" or "Amounts due to customers". They are shown in the balance sheet according to their nature, taking into account demand or term features.

5.5.1 Amounts due to credit institutions

In millions of euros	**12/31/2008**	12/31/2007
Demand deposits	15,879	23,639
Repurchase agreements	431	1,158
Accrued interest	30	21
Amounts due to credit institutions - repayable on demand	**16,340**	**24,818**
Term deposits and loans	82,993	57,286
Repurchase agreements	13,289	23,887
Accrued interest	957	929
Amounts due to credit institutions - repayable at agreed maturity dates	**97,239**	**82,102**
TOTAL AMOUNTS DUE TO CREDIT INSTITUTIONS	**113,579**	**106,920**

The fair value of amounts due to credit institutions was €112,534 million as of December 31, 2008 and €107,607 million as of December 31, 2007.

5.5.2 Amounts due to customers

In millions of euros	**12/31/2008**	12/31/2007
Current accounts	**9,070**	**9,590**
Demand accounts	4,365	2,048
Term accounts	6,317	7,623
Accrued interest	41	52
Other demand and term deposits	**10,723**	**9,723**
Regulated savings accounts	**1,907**	**1,977**
Demand accounts	1,556	2,156
Term accounts	7,228	8,437
Accrued interest	30	53
Repurchase agreements	**8,814**	**10,646**
Insurance-related liabilities	**142**	**135**
Factoring	**646**	**589**
TOTAL AMOUNTS DUE TO CUSTOMERS	**31,302**	**32,660**

The fair value of amounts due to customers was €31,299 million as of December 31, 2008 and €32,810 million as of December 31, 2007.

5.6 Held-to-maturity financial assets

These are non-derivative financial assets with fixed or determinable payments that the group has a positive intention and ability to hold to maturity.

In millions of euros	**12/31/2008**	12/31/2007
Treasury bills and similar securities	213	214
Bonds and other fixed-income securities	2,868	2,262
Held-to-maturity financial assets, gross	**3,081**	**2,476**
Impairment	0	0
TOTAL HELD-TO-MATURITY FINANCIAL ASSETS	**3,081**	**2,476**

The fair value of held-to-maturity financial assets was €3,110 million as of December 31, 2008 and €2,535 million as of December 31, 2007.

During the year, the group reclassified available-for-sale financial assets in the amount of €542 million into the category "Held-to-maturity financial assets".

5.7 Reclassification of financial assets

In application of the amendments to IAS 39 and IFRS 7 Reclassification of financial assets, the Caisse Nationale des Caisses d'Epargne group reclassified some of its financial assets.

The group identified eligible financial assets meeting all of the criteria set forth in the amendment, namely:

- financial assets recorded in the trading portfolio or available for sale, satisfying the definition of loans and receivables that the group now has the intention and the ability to hold for a foreseeable future or to maturity;
- or, under "rare circumstances", non-derivative financial assets included in the trading portfolio.

Caisse Nationale des Caisses d'Epargne group (excluding Natixis) decided to reclassify most of the financial assets in question as of July 1, 2008.

However, some assets were reclassified into loans and receivables as of October 1, 2008 when the non-liquid nature of these securities could not be demonstrated prior to this date.

For its part, Natixis reclassified some debt securities as of October 1, 2008 from the categories "Financial assets at fair value through profit or loss - Trading" and "Available-for-sale financial assets" into the category "Loans and receivables".

Most of the assets reclassified are securitization outstandings (U.S. and European RMBS), bonds, and securities issued worldwide by the public sector. These reclassifications were performed in the second half of the year and are summarized in the table shown below:

In millions of euros Original portfolio	Reclassified into available-for-sale financial assets	Reclassified into loans and receivables	Total
Financial assets held for trading	523	3,915	4,438
Available-for-sale financial assets		13,287	13,287
Fair value as of the reclassification date	**523**	**17,202**	**17,725**
Net carrying amount as of December 31, 2008			19,236
Fair value as of December 31, 2008			18,274

Change in fair value

In milions of euros	Recorded between January 1, 2008 and the reclassification date	That would have been recorded between the reclassification date and December 31, 2008
Unrealized or deferred capital gains or losses	(294)	(679)
Income statement	(275)	(265)
TOTAL	**(569)**	**(944)**

As of the reclassification date, the Group considered that it would be able to recover €24,417 million in cash flows on the reclassified financial assets and the average effective interest rate for these assets was 4%.

As of December 31, 2008, the net carrying amount of reclassified instruments was €19,236 million, after taking into account a revaluation increase of €1,287 million in the portfolio of hedged securities and changes in euro/U.S. dollar exchange rates.

5.8 Financial assets received as collateral and that can be sold or repledged

CNC Opinion No. 06-10 of June 30, 2006 defines collateral re-use operations as financial instruments received as collateral in financial guarantee agreements that provide for the collateral taker to re-use the collateral given.

The collateral giver retains substantially all the risks and rewards relating to the asset put up as collateral as the collateral taker has an obligation to return the asset to the giver. When full ownership is transferred, the collateral giver recognizes a receivable for the carrying amount of the transferred collateral. This receivable is recognized in the asset category in which the collateral was initially classified.

As of this publication, the Caisse Nationale des Caisses d'Epargne group has not entered into any material collateral re-use agreements.

5.9 Current and deferred tax assets and liabilities

In millions of euros	**12/31/2008**	12/31/2007
Current taxes	493	359
Deferred income on interest-free loans	72	40
Deferred taxes	2,052	575
TOTAL CURRENT AND DEFERRED TAX ASSETS	**2,617**	**974**
Current taxes	66	305
Deferred taxes	821	315
TOTAL CURRENT AND DEFERRED TAX LIABILITIES	**887**	**620**

Deferred tax assets and liabilities

Deferred taxes on temporary differences arise from the origins listed in the table below (positive figures indicate deferred tax assets, while negative figures in brackets represent deferred tax liabilities):

In millions of euros	**12/31/2008**	12/31/2007
Mutual fund valuation differences	(25)	72
Fiscal EIGs	(164)	(117)
Provisions for employee benefit obligations	79	91
Provisions on regulated home savings products	1	4
Other non-deductible provisions	782	499
Other temporary differences	210	74
Deferred taxes relating to temporary differences arising on the application of tax rules	**883**	**623**
Deferred taxes arising on the utilization of tax loss carryforwards	**1,351**	**351**
Changes in fair value of financial instruments recorded in equity	339	(113)
Other balance sheet valuation adjustments	(483)	(294)
Deferred taxes arising on the application of IFRS-compliant measurement criteria	**(144)**	**(407)**
Deferred taxes on consolidation adjustments and eliminations	**(424)**	**32**
Unrecognized deferred taxes	**(435)**	**(339)**
Net deferred tax assets	**1,231**	**260**
Deferred taxes recognized:		
- in assets	*2,052*	*575*
- in liabilities	*821*	*315*

Article 91 of the amended French Finance Act for 2008 extends the tax consolidation regime to networks of mutual banks. This new option is modeled on the tax consolidation for mutual insurers and takes into account consolidation criteria not based on shareholding (the scheme is usually available if 95% of the share capital of a subsidiary is owned by a parent company).

During the 2009 fiscal year, the Caisse Nationale des Caisses d'Epargne group will therefore establish a tax consolidation group, which will consist of:

- Caisse Nationale des Caisses d'Epargne, the central institution, which will become the parent company within the tax consolidation group;
- the individual Caisses d'Epargne;
- all subsidiaries in which the CNCE and the individual Caisses d'Epargne hold more than 95% of the share capital.

The establishment of this tax consolidation group within the Caisse Nationale des Caisses d'Epargne group resulted in the recognition of a deferred tax asset in the amount of €779 million as of December 31, 2008. This income item reflects the recognition of tax assets not previously booked for prior year tax losses and whose use is perceived as likely in connection with the new tax consolidation group.

5.10 Debt securities and subordinated debt

Debt securities are classified based on the nature of the underlying, with the exception of subordinated notes presented under "Subordinated debt".

5.10.1 Debt securities

In millions of euros	**12/31/2008**	12/31/2007
Retail certificates of deposit	82	71
Interbank and money market securities and certificates of deposit	38,651	45,030
Bonds	116,767	114,867
Other debt securities	53	315
Accrued interest	2,661	2,839
TOTAL DEBT SECURITIES	**158,214**	**163,122**

The fair value of debt securities was €152,654 million as of December 31, 2008 and €163,254 million as of December 31, 2007.

5.10.2 Subordinated debt

Subordinated debt is classified separately from issues of other debt and bonds because in the event of default, holders of subordinated debt rank after all senior debt holders.

Based on an analysis of the contractual documentation relating to subordinated notes, the Group has classified these instruments as debt, since the contracts contain a clause providing for obligatory interest payments.

In millions of euros	**12/31/2008**	12/31/2007
Term subordinated debt	7,724	7,620
Perpetual subordinated debt	45	44
Perpetual deeply subordinated debt	6,427	4,419
Accrued interest	246	235
TOTAL SUBORDINATED DEBT	**14,442**	**12,318**

The fair value of subordinated debt was €13,039 million as of December 31, 2008 and €12,259 million as of December 31, 2007.

Term subordinated debt essentially comprises redeemable subordinated notes.

Perpetual deeply subordinated debt includes hybrid Tier-1 instruments issued by the CNCE since 2003.

Issue date	Issue price	Currency	Amount *(in original currency, millions)*	Call option or step-up date	Interest rate	Step up *(in basis points)*	**12/31/2008** *(in millions of euros)*
11/26/2003	99.470%	EUR	800	July 2014 (1)	5.250%	184 (2)	800
07/30/2004	100%	USD	200	December 2009 (1)	Min (CTMAT10Y +0.3%; 9%)	None	142
10/06/2004	99.682%	EUR	700	July 2015 (1)	4.625%	153 (2)	700
10/12/2004	100%	EUR	80	October 2009 (1)	Min (Euribor 3M; 7%)	None	80
11/30/2004	100%	EUR	390	10 years	Euribor 3M +0.71%	100 (2)	390
01/27/2006	100%	USD	300	January 2012 (1)	6.750%	None	213
02/01/2006	99.922%	EUR	350	February 2016 (1)	4.750%	135 (2)	350
06/30/2006	100%	EUR	150	June 2016 (1)	Euribor 6M +1.25%	None	150
06/29/2007	100%	EUR	105	June 2019	Euribor 3M +1.25%	None	105
10/30/2007	100%	EUR	850	October 2017 (1)	6.117%	237 (2)	850
12/20/2007	100%	EUR	82	December 2017	Euribor 3M +1.60%	100 (2)	82
12/11/2008	100%	EUR	1,100	(1)	8.490%		1,100
TOTAL							**4,962**

(1) Hybrid issues considered as Tier-1 with the consent of the French banking commission.
(2) In excess of 3-month Euribor.

In June 2006, the Caisse Nationale des Caisses d'Epargne issued deeply subordinated notes underwritten by the individual Caisses d'Epargne with the following characteristics:

- all newly issued notes have a *pari passu* ranking and also rank *pari passu* with all of the issuer's other deeply subordinated notes;
- interest is to be paid if the company records a profit at the end of the period, regardless of whether any dividend has been distributed. Therefore, as the payment of interest is not subject to the issuer's discretion and there is a contractual obligation to deliver cash or another financial asset to the holder, the notes qualify as financial debt under IFRS.

Other issues contain a dividend pusher clause that requires the issuer to pay interest if it has paid out dividends on ordinary shares or any other equity instruments, or if it has paid interest on any *pari passu*-ranked instrument. The payment of interest is therefore subordinated to the obligation to pay interest on another linked debt instrument. As the contractual relationship between the instruments and the contractual obligation to pay interest on the linked instrument issued in June 2006 create an obligation to pay interest on these other issues, they have been classified as debt.

In the fourth quarter of 2008, the CNCE issued €1.1 billion in deeply subordinated notes subscribed by a State-owned investment company under the first phase of the French economic stimulus plan.

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5.11 Accrual accounts and other assets and liabilities

Accrual items and other assets and liabilities correspond to technical accounts which are broken down below:

5.11.1 Accrued income and other assets

In millions of euros	**12/31/2008**	12/31/2007
Prepaid expenses	239	219
Accrued income	507	562
Other accruals	5,905	9,004
Accrual accounts - assets	**6,651**	**9,785**
Securities settlement accounts	586	963
Reinsurers' share of technical reserves	225	181
Other insurance-related assets	473	328
Other debtors	13,569	9,343
Other assets	**14,853**	**10,815**
TOTAL ACCRUED INCOME AND OTHER ASSETS	**21,504**	**20,600**

"Other debtors" include real estate development projects in progress totaling €1,556 million as of December 31, 2008 and €1,314 million as of December 31, 2007.

5.11.2 Accrued expenses and other liabilities

In millions of euros	**12/31/2008**	12/31/2007
Accounts payable	904	760
Unearned income	850	736
Items in the course of collection	3,946	3,829
Other accruals	2,149	3,332
Accrual accounts - liabilities	**7,849**	**8,657**
Securities settlement accounts	818	934
Other liabilities	10,233	9,511
Other liabilities	**11,051**	**10,445**
TOTAL ACCRUED EXPENSES AND OTHER LIABILITIES	**18,900**	**19,102**

5.12 Investments in associates

The group's main investments in associates are as follows:

In millions of euros	12/31/2008			12/31/2007		
	Value of investments in associates on the consolidated balance sheet	o/w goodwill	Share in net income/ (loss) of associates	Value of investments in associates on the consolidated balance sheet	o/w goodwill	Share in net income/ (loss) of associates
Banques Populaires	1,722	12	77	1,632	12	93
Caisses d'Epargne	1,540		39	1,430		86
CNP Assurances	1,276		104	1,492		181
Crédit Immobilier Hotelier	167	102	15	143	101	9
Maisons France Confort PI	94	61	4			
SOGIMA	26		2	24		
GCE Maroc Immobilier	21			21		
Investments in the Nexity group	20	15		85	70	5
Other	131	18	13	145	21	17
TOTAL	**4,997**	**208**	**254**	**4,972**	**204**	**391**

The financial data reported by the group's main investments in associates are as follows:

In millions of euros	Balance sheet total as of 12/31/2008	Net banking income or revenues in 2008	Net income in 2008
Banques Populaires (aggregated results)	207,285	5,698	1,025
Caisses d'Epargne (aggregated results)	311,669	5,743	918
CNP Assurances	269,565	28,322	731

5.13 Property, plant and equipment and intangible assets

5.13.1 Investment property

In millions of euros	Investment property
Gross value as of January 1, 2008	**1,518**
Acquisitions	129
Disposals/retirements	(83)
Other movements (1)	235
Gross value as of December 31, 2008	**1,799**
Accumulated depreciation and impairment as of January 1, 2008	**(217)**
Additions	(103)
Reversals	30
Other movements (1)	(47)
Accumulated depreciation and impairment as of December 31, 2008	(337)
Carrying amount as of December 31, 2008	**1,462**
Carrying amount as of January 1, 2008	1,301

(1) Including changes in group structure and exchange rates.

The fair value of investment property was €1,636 million as of December 31, 2008 and €1,546 million as of December 31, 2007.

5.13.2 Property, plant and equipment

In millions of euros	Land and buildings	Equipment, furniture and other property, plant and equipment	Total property, plant and equipment
Gross value as of January 1, 2008	**1,007**	**943**	**1,950**
Acquisitions	41	91	132
Disposals/retirements	(90)	(56)	(146)
Other movements (1)	258	(219)	39
Gross value as of December 31, 2008	**1,216**	**759**	**1,975**
Accumulated depreciation and impairment as of January 1, 2008	**(218)**	**(523)**	**(741)**
Additions	(39)	(79)	(118)
Reversals	38	39	77
Other movements (1)	(63)	119	56
Accumulated depreciation and impairment as of December 31, 2008	**(282)**	**(444)**	**(726)**
Carrying amount as of December 31, 2008	**934**	**315**	**1,249**
Carrying amount as of January 1, 2008	789	420	1,209

(1) Including changes in group structure and exchange rates.

5.13.3 Intangible assets

In millions of euros	Leasehold rights	Software	Other intangible assets	**Total intangible assets**
Gross value as of January 1, 2008	**67**	**488**	**224**	**779**
Acquisitions	2	108	25	135
Disposals/retirements	(2)	(51)	(13)	(66)
Other movements [(1)]	(26)	7	253	234
Gross value as of December 31, 2008	**41**	**552**	**489**	**1,082**
Accumulated depreciation and impairment as of January 1, 2008	**(21)**	**(289)**	**(116)**	**(426)**
Additions	(1)	(80)	(22)	(103)
Reversals	0	34	1	35
Other movements [(1)]	12	(9)	13	16
Accumulated depreciation and impairment as of December 31, 2008	**(10)**	**(344)**	**(124)**	**(478)**
Carrying amount as of December 31, 2008	**31**	**208**	**365**	**604**
Carrying amount as of January 1, 2008	46	199	108	353

(1) Including changes in group structure and exchange rates.

The allocation of goodwill relating to Nexity and Meilleurtaux resulted in the recognition under "Other intangible assets" of the Nexity and Meilleurtaux trade names in the amounts of €130 million and €40 million, respectively.

5.14 Goodwill

In millions of euros	**12/31/2008**	12/31/2007
Gross book value at start of year	**3,430**	**2,228**
Acquisitions and adjustments	305	1,282
Disposals	0	(45)
Translation adjustments	20	(43)
Other changes	(74)	8
Gross book value at end of year	**3,681**	**3,430**
Cumulative impairment losses at end of year	(852)	(89)
Carrying amount at end of period	**2,829**	**3,341**

Breakdown of the main items of goodwill

In millions of euros	Carrying amount	
	12/31/2008	12/31/2007
Natixis group	1,130	1,822
- Corporate and investment banking	*0*	*666*
- Asset management	*521*	*550*
- Services	*346*	*359*
- Receivables management	*176*	*167*
- Private equity and private banking	*87*	*80*
Nexity group	1,237	1,085
Banque Palatine group	177	177
Océor group	182	97
- Banque Tuniso-Koweitienne	*102*	*0*
- Banque de la Réunion	*30*	*24*
- Océorane	*16*	*39*
- BCP Luxembourg	*15*	*15*
- Banque de Tahiti	*14*	*14*
- Banque de Nouvelle-Calédonie	*5*	*5*
Meilleurtaux	63	115
Crédit Foncier	30	40
- Banco Primus	*30*	*0*
- CFF	*0*	*5*
- Cicobail	*0*	*1*
- Locindus	*0*	*34*
Other	10	5
TOTAL	**2,829**	**3,341**

In accordance with applicable regulations, each goodwill item was tested for impairment, in accordance with regulations in force, based on the value in use of the CGU with which it is associated.

The determination of value in use was based on the present value of the CGU's future cash flows under medium-term plans drawn up as part of the group's budget process. The following assumptions were used:

Main entities/CGUs	Consolidation method [1]	Cost of capital	Weighted average cost of capital	Long-term growth rate
Natixis				
- Corporate and investment banking	*DDM*	*13.0%*		*2.5%*
- Asset management	*DDM*	*9.5%*		*2.5%*
- Investor services	*DDM*	*9.5%*		*2.5%*
- Receivables management	*DDM*	*9.5%*		*2.5%*
- Private equity and private banking	*RNA/DDM*	*9.5%*		*2.5%*
Nexity	DCF		7.4%	2.5%
Banque Palatine	DDM	9.0%		2.5%
Banque Tuniso-Koweitienne	DDM	11.4%		4.0%
Meilleurtaux	DCF		10.7%	2.5%

(1) DDM: discounted dividend method.
RNA: revalued net assets.
DCF: discounted cash flows.

A 1-point increase in the discount rate used for the valuation of the Natixis CGUs Asset Management, Investor Services, Receivables Management, and Private Equity/Private Banking (discount rate of 10.5% instead of 9.5%) would not result in the recognition of any additional impairment.

5.15 Technical reserves of insurance companies

In millions of euros	**12/31/2008**	12/31/2007
Technical reserves of non-life insurance companies	**1,225**	**1,224**
Life (in euros)	9,515	9,110
Life (unit-linked)	1,777	2,139
Technical reserves of life insurance companies	**11,292**	**11,249**
Deferred policyholders' participation	**1**	**227**
TOTAL TECHNICAL RESERVES OF INSURANCE COMPANIES	**12,518**	**12,700**

Technical reserves of non-life insurance companies include unearned premium reserves and outstanding claims reserves.

Technical reserves of life insurance companies mainly comprise mathematical reserves, which generally correspond to the surrender value of contracts.

Technical reserves for financial contracts issued by insurance companies are mathematical reserves measured on the basis of the underlying assets of these contracts.

The deferred policyholders' participation represents the portion of profit arising from participating insurance contracts in the form of a cumulative amount allocated to policyholders as a class and not yet distributed to individual policyholders.

Deferred policyholders' participation (shadow accounting)

In millions of euros	**12/31/2008**	12/31/2007
Deferred policyholders' participation - assets	(331)	0
Deferred policyholders' participation - liabilities	1	227
Net deferred policyholders' participation	**(330)**	**227**
o/w deferred policyholders' participation recognized in equity	*(315)*	*131*

5.16 Provisions

Provisions mainly concern employee benefit obligations, real estate development projects and litigation.

In millions of euros	12/31/2007	Additions	Reversals	Utilizations	Other movements [1]	**12/31/2008**
Employee benefit obligations	**196**	**24**		**(29)**	**3**	**194**
Provision on regulated home savings products	12	1		(2)	(1)	10
Provisions for off-balance sheet commitments	78	260	(101)	(4)	88	321
Provisions for contingencies on property development projects	103	32	0	(34)	9	110
Provisions for restructuring costs	91	84	(14)	(15)	(24)	122
Provisions for claims and litigation	216	77	(67)	(10)	(28)	188
Other	212	163	(102)	(21)	22	274
Other	**712**	**617**	**(284)**	**(86)**	**66**	**1,025**
TOTAL PROVISIONS	**908**	**641**	**(284)**	**(115)**	**69**	**1,219**

(1) Including changes in group structure and exchange rates.

5.17 Regulatory capital management and compliance with regulatory ratios

Regulatory capital management

The group's Capital Management teams are responsible for all matters related to regulatory capital, including work on the quantification of internal capital requirements (economic capital) as well as the prospective monitoring of regulatory ratios for the group and its affiliated entities. The responsibilities of the Capital Management teams are described in further detail in Chapter 3 of the risk management report.

As a result of regulatory developments prompted by the transition to Basel II, the way in which capital is allocated across the group as well as the amount of capital itself changed significantly in 2008.

Capital transactions

In 2008, the CNCE carried out capital increases for a total amount of €4 billion, of which €1.6 billion was in the form of preference shares.

In the fourth quarter of 2008, the CNCE issued €1.1 billion in deeply subordinated notes subscribed by a State-owned investment company under the first phase of the French economic stimulus plan.

Regulatory capital

The Caisse Nationale des Caisses d'Epargne group is required to comply with prudential rules established by French regulatory bodies, pursuant to the transposition into French law of European Directives 2006/49/EC on the capital adequacy of investment firms and credit institutions and 2002/87/EC on financial conglomerates.

Since January 1, 2008, the method used for calculating the solvency ratio under Basel II has been defined by the Ministerial Order of February 20, 2007 as total regulatory capital divided by the sum of the following two elements:

- capital requirements for credit risk determined using the standardized approach or the internal ratings based (IRB) approach, depending on the group entity concerned;
- capital requirements for the prudential supervision of market risk and operational risk.

Regulatory capital is determined in accordance with CRBF Regulation 90-02 of February 23, 1990 relating to capital.

In millions of euros	**12/31/2008 Basel II**	12/31/2007 Basel I
Equity attributable to equity holders of the parent	9,954	10,519
Minority interests	1,730	1,666
Issues of hybrid Tier-1 instruments	4,658	2,422
Prudential restatements (including goodwill and intangible assets)	(3,032)	(4,919)
Tier-1 capital before deductions	**13,310**	**9,688**
Tier-2 capital before deductions	**7,357**	**7,144**
Capital deductions	**(7,483)**	**(5,370)**
o/w deductions from Tier-1 capital	(2,935)	
o/w deductions from Tier-2 capital	(2,935)	
o/w capital deductions	(1,613)	
REGULATORY CAPITAL	**13,184**	**11,462**

Regulatory capital is divided into two categories, each of which involves a certain number of deductions.

Core (or Tier-1) capital corresponds to the group's consolidated shareholders' equity, excluding unrealized or deferred gains or losses, plus minority interests and issues of hybrid Tier-1 instruments (chiefly perpetual subordinated notes), less goodwill and intangible assets.

Specific ceilings have been established for certain components of Tier-1 capital. In particular, hybrid instruments, minority interests, and preference shares taken together may not account for more than 50% of Tier-1 capital.

Supplementary (or Tier-2) capital is divided into two sub-categories:

- upper Tier-2 capital, which comprises perpetual subordinated debt and certain other financial instruments;
- lower Tier-2 capital, which notably includes long-term subordinated debt and some preference shares.

Tier-2 capital is only taken into account up to a limit of 100% of the amount of Tier-1 capital. The total amount of lower Tier-2 capital that may be included in Tier-2 capital may not exceed 50% of Tier-1 capital.

In order to determine the group's regulatory capital, the following deductions are applied (half of which from Tier-1 capital and half from Tier-2 capital):

- ownership interests greater than 10% in the capital of credit or financial institutions;
- the portion of expected losses on credit outstandings analyzed using the internal ratings based approach and correspoinding to the group's share in the deduction applied by Natixis.

In application of the Ministerial Order of February 20, 2007, the group is required to maintain a solvency ratio of at least 8% at all times.

In 2008, the Caisse Nationale des Caisses d'Epargne group complied with these solvency ratio requirements.

Note 6 Notes to the consolidated income statement

6.1 Interest and similar income and expense

This line item comprises interest income and expense – calculated using the effective interest method – on financial assets and liabilities measured at amortized cost, which include interbank and customer items, held-to-maturity assets, debt securities and subordinated debt.

It also includes interest receivable on fixed-income securities classified as available-for-sale financial assets and hedging derivatives. Accrued interest on the hedging of cash flows is taken to income symmetrically with the accrued interest on the hedged item.

	2008			2007		
In millions of euros	Income	Expense	Net	Income	Expense	Net
Customer transactions	7,502	(1,143)	6,359	6,323	(1,010)	5,313
- Demand and term accounts, loans and borrowings (excluding regulated savings products) and repurchase agreements	*7,497*	*(1,084)*	*6,413*	*6,315*	*(953)*	*5,362*
- Regulated savings products	*5*	*(59)*	*(54)*	*8*	*(57)*	*(49)*
Interbank transactions	6,934	(5,083)	1,851	6,720	(5,092)	1,628
Finance leases	375		375	375		375
Debt securities and subordinated debt		(7,617)	(7,617)		(7,393)	(7,393)
- Certificates of deposit and other securities		*(1,869)*	*(1,869)*		*(3,244)*	*(3,244)*
- Bonds		*(5,122)*	*(5,122)*		*(3,628)*	*(3,628)*
- Participating loans and subordinated debt		*(626)*	*(626)*		*(521)*	*(521)*
Hedging derivatives	8,825	(9,452)	(627)	7,092	(6,867)	225
- Hedging derivatives (fair value hedges)	*8,613*	*(9,206)*	*(593)*	*7,085*	*(6,862)*	*223*
- Hedging derivatives (cash flow hedges)	*212*	*(246)*	*(34)*	*7*	*(5)*	*2*
Available-for-sale financial assets	1,137		1,137	1,443		1,443
Held-to-maturity financial assets	165		165	91		91
Impaired financial assets	10		10	4		4
Other	23	(35)	(12)	11	(499)	(488)
TOTAL INTEREST AND SIMILAR INCOME AND EXPENSE	**24,971**	**(23,330)**	**1,641**	**22,059**	**(20,861)**	**1,198**

6.2 Commissions

Commissions are recorded based on the type of service rendered and on the method of accounting for the financial instrument to which the service relates.

This line includes mainly commissions receivable or payable on recurring services (payment processing, custody fees, etc.) and occasional services (fund transfers, payment penalties, etc.), commissions receivable or payable on execution of significant transactions, and commissions receivable or payable on trust assets managed on behalf of the group's customers.

However, commissions that form an integral part of the effective yield on a contract are recorded under "Net interest income".

	2008			2007		
In millions of euros	Income	Expense	Net	Income	Expense	Net
Cash and interbank transactions	21	(16)	5	17	(18)	(1)
Customer transactions	406	(67)	339	370	(19)	351
Financial services	245	(230)	15	205	(103)	102
Sales of life insurance products	110	0	110	87	0	87
Payment processing services	165	(55)	110	192	(44)	148
Securities transactions (1)	111	(73)	38	186	(55)	131
Trust management services (1)	815	(21)	794	910	0	910
Foreign exchange transactions and arbitrage	2	(2)	0	2	(2)	0
Off-balance sheet trading	85	(20)	65	65	(25)	40
Other	171	(112)	59	67	(287)	(220)
TOTAL COMMISSION INCOME AND EXPENSE	**2,131**	**(596)**	**1,535**	**2,101**	**(553)**	**1,548**

(1) Presentation of 2007 information modified for purposes of comparison.

6.3 Net gains or losses on financial instruments at fair value through profit or loss

This line includes gains and losses (including the related interest) on financial assets and liabilities classified as held for trading or designated at fair value through profit or loss.

"Hedging transactions" includes gains and losses arising from the remeasurement of derivatives used as fair value hedges, as well as gains and losses from the symmetrical remeasurement of the hedged item, the remeasurement at fair value of the macro-hedged portfolio and the ineffective portion of cash flow hedges.

In millions of euros	**2008**	2007
Financial instruments held for trading	(918)	63
Financial instruments designated at fair value through profit or loss	(551)	(779)
Hedging transactions	55	18
Foreign exchange transactions	166	109
TOTAL NET GAIN OR LOSS ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS	**(1,248)**	**(589)**

Day one profit

In the group's capital markets activities, the margin generated when financial instruments are traded is immediately recognized in profit or loss when internal valuation models are based on standard models, and the valuation method draws on observable market parameters.

However, valuation models used to price some structured products that often involve tailor-made solutions may use parameters that are partially non-observable in active markets. On initial recognition of such instruments, the transaction price is taken to reflect the market price, and the margin generated when these instruments are traded (day one profit) is deferred and taken to profit or loss over the period during which the valuation parameters are expected to remain non-observable, or until maturity.

When these parameters become observable, or when the valuation technique used becomes widely recognized and accepted, the portion of day one profit not yet recognized is taken to profit or loss.

In millions of euros	**2008**	2007
Deferred margin at the start of the year	71	87
Amount generated during the year	19	23
Amortized during the year	(27)	(27)
Other changes	3	(12)
DEFERRED MARGIN AT THE END OF THE YEAR	**66**	**71**

The amounts recognized in profit or loss for the period total €8 million and relate exclusively to the capital markets activities of Natixis.

Other changes include in particular the impact of operations reaching maturity, operations for which valuation parameters became observable, and translation adjustments.

6.4 Net gains or losses on available-for-sale financial assets

This item includes dividends from variable-income securities, gains and losses on the sale of available-for-sale financial assets and impairment losses taken on variable-income securities due to a permanent impairment in value.

In millions of euros	**2008**	2007
Gains or losses on disposals	(23)	86
Fixed-income securities	**(23)**	**86**
Gains or losses on disposals	202	581
Dividends received	201	190
Permanent impairment in value	(344)	(56)
Equities and other variable-income securities	**59**	**715**
Other	**(16)**	**(6)**
NET GAIN OR LOSS ON AVAILABLE-FOR-SALE FINANCIAL ASSETS	**20**	**795**

6.5 Income and expense on other activities

This item mainly comprises:

- income and expense on investment property (rental income and expense, gains and losses on disposals, depreciation, amortization and impairment);
- income and expense resulting from the group's insurance business (notably premium income, paid benefits and claims, and changes in technical reserves of insurance companies);
- income and expense on operating leases;
- income and expense on real estate development activities (revenues, purchases used).

	2008			2007		
In millions of euros	Income	Expense	Net	Income	Expense	Net
Income and expense on investment property	**86**	**(29)**	**57**	**19**	**(23)**	**(4)**
Income and expense on insurance business	**2,187**	**(1,638)**	**549**	**2,438**	**(2,432)**	**6**
Income and expense on operating leases	**74**	**(100)**	**(26)**	**109**	**(35)**	**74**
Income and expense on property development activities	**2,723**	**(1,913)**	**810**	**1,405**	**(929)**	**476**
Share in joint operations	34	(47)	(13)	38	(54)	(16)
Income paid back to suppliers, rebilled expenses	46	(19)	27	58	(6)	52
Other operating income and expense	403	(264)	139	698	(249)	449
Additions to and reversals from provisions	29	(46)	(17)	30	(45)	(15)
Other operating income	**512**	**(376)**	**136**	**824**	**(354)**	**470**
TOTAL INCOME AND EXPENSE ON OTHER ACTIVITIES	**5,582**	**(4,056)**	**1,526**	**4,795**	**(3,773)**	**1,022**

Income and expense on insurance business

The table shown below provides a transition between the financial statements of insurance companies included in the Caisse Nationale des Caisses d'Epargne group's scope of consolidation and their translation into the financial statements of the Caisse Nationale des Caisses d'Epargne group in accordance with the presentation applicable to banks.

The consolidated entities of the Caisse Nationale des Caisses d'Epargne group presenting their financial statements in accordance with the model used by insurance companies are GCE Assurances, Surassur, and the sub-groups Coface, Natixis Assurances and Natixis Garanties.

		Banking presentation					
In millions of euros	Insurance presentation	Net banking income	Overhead expenses	Gross operating income	Cost of risk	Income taxes	Other items
Earned premium	2,011	2,011		2,011			
Revenue or income from other activities	203	203		203			
Other operating income	16	16		16			
Net financial income before finance costs	(148)	(116)	(2)	(118)	(30)		
Revenue from ordinary activities	***2,082***	***2,114***	***(2)***	***2,112***	***(30)***		
Claims and benefits expenses	(1,405)	(1,356)	(49)	(1,405)			
Net income from outward reinsurance	(22)	(22)		(22)			
Acquisition costs	(208)	(140)	(68)	(208)			
Administrative expenses	(161)	(70)	(91)	(161)			
Other current or operating income and expenses	(165)	(6)	(151)	(157)	(8)		
Other operating income and expenses	***(1,961)***	***(1,594)***	***(359)***	***(1,953)***	***(8)***		
Operating income	**121**	**520**	**(361)**	**159**	**(38)**		
Finance costs	(16)	(16)		(16)			
Share in net income/(loss) of associates	8						8
Income tax	(35)					(35)	
Minority interests	(1)						(1)
CONSOLIDATED NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	**77**	**504**	**(361)**	**143**	**(38)**	**(35)**	**7**

Income and expense recognized for insurance contracts is included under the headings "Income from other activities" and "Expense on other activities" of net banking income.

Other components of profit or loss of insurance entities of a banking nature (interests and commissions) have been reclassified under these items of net banking income.

The main reclassifications relate to the charging of overhead expenses by nature whereas they are charged by function in the insurance presentation.

6.6 Operating expenses

Operating expenses include mainly personnel costs (wages and salaries net of rebilled amounts), social security charges, and employee benefit expenses such as pension costs. Operating expenses also include the full amount of administrative expenses and other external services costs.

In millions of euros	2008	2007
Personnel costs	**(2,303)**	**(2,244)**
Taxes other than on income	(111)	(147)
External services	(1,456)	(1,296)
Other expenses	0	(1)
Other administrative costs	**(1,567)**	**(1,444)**
TOTAL OPERATING EXPENSES	**(3,870)**	**(3,688)**

The breakdown of personnel costs is provided in Note 8.1.

6.7 Net depreciation, amortization and impairment for property, plant and equipment and intangible assets

In millions of euros	**2008**	2007
Net depreciation and amortization expenses	**(218)**	**(191)**
Additions to impairment of property, plant and equipment and intangible assets	(3)	(2)
Reservals from impairment of property, plant and equipment and intangible assets	4	2
Net (additions to)/reversals from provisions for impairment	**1**	**0**
DEPRECIATION, AMORTIZATION AND IMPAIRMENT FOR PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS	**(217)**	**(191)**

6.8 Cost of risk

This line records net impairment charges for credit risks, and includes both individually assessed and portfolio-assessed impairment.

Impairment losses are recognized for both loans and receivables and fixed-income securities when there is a known counterparty risk. Losses related to other types of instruments (derivatives or securities designated at fair value through profit or loss) recorded as a result of default by credit institutions are also included under this item.

In millions of euros	**2008**	2007
Interbank transactions	(162)	(2)
Customer transactions	(1,115)	(425)
Other financial assets	(90)	(37)
Off-balance sheet commitments	(260)	(19)
Additions to impairment losses and provisions	**(1,627)**	**(483)**
Interbank transactions	1	6
Customer transactions	582	454
Other financial assets	28	7
Off-balance sheet commitments	105	15
Reversals from impairment losses and provisions	**716**	**482**
Losses on irrecoverable interbank loans and receivables	(7)	0
Losses on irrecoverable customer loans and receivables	(140)	(143)
Losses on other financial assets	(9)	(22)
Losses on irrecoverable loans and receivables	**(156)**	**(165)**
Recoveries of loans and receivables previously written off	**21**	**24**
COST OF RISK	**(1,046)**	**(142)**

6.9 Gains or losses on other assets

This item includes gains and losses on disposals of property, plant and equipment and intangible assets, as well as gains and losses on disposals of investments in consolidated companies.

In millions of euros	**2008**	2007
Gains or losses on disposals of property, plant and equipment and intangible assets	30	7
Gains or losses on disposals of investments in consolidated companies	(11)	251
Other	1	0
TOTAL GAINS OR LOSSES ON OTHER ASSETS	**20**	**258**

In 2008, gains on the disposal of consolidated investments mainly include three items:

- income on the disposal of a share in GCE Assurances (€25 million);
- the gain resulting from the transfer by Natixis SA of its custodial and fund administration, management and reporting activities to CACEIS (€37 million);
- the appreciation in the value of the put option granted by the CNCE on the shares held by CNP in Natixis Global Asset Management (charge of €64 million).

In 2007, gains on disposals of investments in consolidated companies included a €115 million gain on the Nexity asset-for-share exchange deal and a gain of €62 million on the restructuring of Natixis' asset management division.

6.10 Changes in value of goodwill

"Changes in value of goodwill" break down as follows:

- impairment losses on goodwill relating to Natixis (-€667 million for the corporate and investment banking division), Locindus (-€34 million), Meilleurtaux (-€36 million), and Océorane (-€17 million);
- negative goodwill taken to income for €127 million following the acquisitions of Natixis shares by the CNCE.

6.11 Income taxes

6.11.1 Income tax components

In millions of euros	**2008**	2007
Current income tax expense	(97)	(278)
Deferred tax expense	822	376
Impact of tax credit reducing current income tax expense	12	17
Other items	55	15
INCOME TAX	**792**	**130**

6.11.2 Analysis of income taxes

In millions of euros	**2008**	2007
Net income attributable to equity holders of the parent	(1,993)	600
Impairment of goodwill	(636)	(40)
Minority interests	12	92
Share in net income/(loss) of associates	254	391
Taxes	792	130
Net income before tax and impairment of goodwill (A)	**(2,391)**	**211**
Standard income tax rate in France (B)	**34.43%**	**34.43%**
Theoretical tax expense (credit) at the applicable income tax rate in France (A×B)	**(823)**	**73**
Impact of the change in unrecognized deferred taxes [(1)]	107	16
Impact of permanent differences	93	11
Impact of items not taxed or taxed at reduced tax rates	(10)	(200)
Impact of tax rates applicable to foreign entities	17	(16)
Taxes on prior periods, tax credits and other taxes [(1)]	(167)	
Other items	(9)	(14)
Income tax	**(792)**	**(130)**
Effective tax rate (recognized income tax divided by taxable income)	**33.15%**	**-61.61%**

(1) These lines include the recognition of deferred tax assets, in particular those related to Natixis' activities in the United States.

Note 7 Risk exposures

Certain disclosures relating to risk management required by IFRS 7 are provided in the risk management report. They form an integral part of the audited financial statements.

7.1 Credit risk

Disclosures relating to the management of credit risk required by IFRS 7 and provided in the risk management report include:

- the analysis of Groupe Caisse d'Epargne's exposures to credit risk:
  - by Basel risk category,
  - by segment,
  - by credit-quality rating;
- concentration of credit risk on major counterparties as of December 31, 2008; and
- the hedging of exposures to credit risk for the property loan portfolio.

7.1.1 Measurement and management of credit risk

Credit risk arises whenever a counterparty is unable to meet its payment obligations and may result in a reduction in credit quality or even default by the counterparty.

Commitments exposed to credit risk consist of existing or potential receivables and particularly loans, debt securities, ownership shares, performance swaps, performance bonds, or confirmed or undrawn facilities.

Credit risk management procedures and assessment methods, risk concentration, the quality of performing financial assets, and the analysis and breakdown of outstandings are described in the risk management report.

7.1.2 Total credit risk exposure

The table below presents the Caisse Nationale des Caisses d'Epargne group's total credit risk exposure. The exposure is calculated on the basis of the carrying amount of the financial assets without taking into account the impact of any unrecognized netting or collateral agreements.

In millions of euros	Performing loans	Doubtful loans	Write-downs and provisions for impairment	**Net outstandings as of 12/31/2008**	Net outstandings as of 12/31/2007
Financial assets at fair value through profit or loss (excluding variable-income securities)	95,070			95,070	63,954
Hedging derivatives	7,018			7,018	2,607
Available-for-sale financial assets (excluding variable-income securities)	19,431	158	(125)	19,464	27,606
Interbank transactions	120,035	255	(186)	120,104	131,808
Customer transactions	165,765	2,816	(1,993)	166,588	144,926
Held-to-maturity financial assets	3,081			3,081	2,476
Balance sheet exposure	**410,400**	**3,229**	**(2,304)**	**411,325**	**373,377**
Financial guaranties given	94,730	175		94,905	117,018
Off-balance sheet commitments	45,697	35	(321)	45,411	48,056
Off-balance sheet exposure	**140,427**	**210**	**(321)**	**140,316**	**165,074**
TOTAL CREDIT RISK EXPOSURE	**550,827**	**3,439**	**(2,625)**	**551,641**	**538,451**

The "Write-downs and provisions for impairment" column includes provisions calculated on an individual basis as well as portfolio-assessed provisions.

7.1.3 Loans and receivables with past due payments and guarantees received as collateral

Loans and receivables with past due payments are performing financial assets for which a payment incident has been recorded.

For example:

- a debt instrument is considered past due if the bond issuer is no longer making interest payments;
- a loan is considered past due if a payment or installment has been missed and recorded as such in the accounts;
- a current account carried in "Loans and receivables" is considered past due if the overdraft period or authorized limit has been exceeded as of the balance sheet date.

The amounts disclosed in the table below do not include past due amounts resulting from the delay between the settlement date and the date on which the corresponding accounting entry is made.

Past due loans and receivables (past due principal and accrued interest in the case of loans and total overdrawn balance in the case of current accounts) can be broken down as follows:

	Non-impaired loans and receivables with past due payments					
In millions of euros	90 days or less	More than 90 days and less than 180 days	More than 180 days and less than 1 year	More than 1 year	**Net outstandings**	Collateral securing these outstandings
Debt instruments	0	0	0	0	0	0
Loans and receivables	2,070	180	137	118	2,505	3,239
Other financial assets	1	2	0	0	3	43
TOTAL AS OF DECEMBER 31, 2008	**2,071**	**182**	**137**	**118**	**2,508**	**3,282**
Total as of December 31, 2007	2,251	454	4	21	2,730	2,556

Guarantees, personal guarantees or collateral notably include sureties, pledges, liens, warrants, preferential rights and mortgages.

Guarantees concern mainly loans and receivables due from customers and consist of mortgages or personal property provided as collateral (for personal loans) and pledges on financed assets or financial instruments.

7.1.4 Restructured loans

The table below provides the carrying amount of restructured loans (renegotiated due to financial difficulties experienced by the debtor) presented as performing loans:

In millions of euros	**12/31/2008**	12/31/2007
Loans and receivables due from credit institutions	8	10
Loans and receivables due from customers	501	242
TOTAL RESTRUCTURED LOANS	**509**	**252**

7.1.5 Impairment and provisions for credit risk

In millions of euros	12/31/2007	Additions to provisions net of reversals	Other changes [1]	**12/31/2008**
- Individually assessed impairment	*9*	*161*		*170*
- Portfolio-assessed impairment	*17*		*(1)*	*16*
Interbank transactions (excluding finance leases)	26	161	(1)	186
- Individually assessed impairment	*756*	*383*	*150*	*1,289*
- Portfolio-assessed impairment	*434*	*158*	*34*	*626*
Customer transactions (excluding finance leases)	1,190	541	184	1,915
- Individually assessed impairment	*71*	*(8)*	*(14)*	*49*
- Portfolio-assessed impairment	*28*		*1*	*29*
Finance leases	99	(8)	(13)	78
Other financial assets	37	62	26	125
Total impairment deducted from assets	**1,352**	**756**	**196**	**2,304**
Off-balance sheet commitments	78	155	88	321
Impairment provisions recognized as liabilities	**78**	**155**	**88**	**321**
TOTAL IMPAIRMENT AND PROVISIONS FOR CREDIT RISK	**1,430**	**911**	**284**	**2,625**

(1) Including changes in group structure and exchange rates.

6

7.1.6 Assets obtained by taking possession of collateral

The carrying value of assets (securities, real estate, etc.) obtained by taking possession of collateral or other forms of credit enhancement amounted to €20 million as of December 31, 2008, compared to €11 million as of December 31, 2007.

7.2 Market risk

Market risk refers to the possibility of financial loss due to movements in market variables, such as:

- interest rates: interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market rates of interest;
- exchange rates;
- prices: market price risk is the risk of a potential loss resulting from changes in market prices, whether they are caused by factors specific to the instrument or its issuer, or by factors affecting all market traded instruments. Variable-income securities, equity derivatives and commodity derivatives are exposed to this type of risk;
- and more generally, any market parameter involved in the valuation of portfolios.

Systems for the measurement and monitoring of market risks are detailed in the risk management report.

The information provided in the risk management report under IFRS 7 and relating to the management of market risk is comprised of the Value-at-Risk (VaR).

7.3 Interest rate risk and currency risk

Interest rate risk is the risk that unfavorable changes in interest rates will adversely impact the Group's annual results and net asset value. Currency risk is the risk of losses resulting from changes in exchange rates.

The information provided in the risk management report under IFRS 7 and relating to the management of interest rate risk is comprised of the net present value of the open risk position.

The Group's approach to the management of currency risk is discussed in the risk management report.

7.4 Liquidity risk

Disclosures relating to the management of liquidity risk required under IFRS 7, provided in the risk management report, make use of the liquidity ratio.

7.4.1 Management of liquidity risk

Liquidity risk is the risk that the bank will be unable to meet its payment obligations as they fall due and replace funds when they are withdrawn.

The information provided in the risk management report under IFRS 7 and relating to the management of liquidity risk is comprised of the liquidity ratio.

7.4.2 Analysis of loans and borrowings by term outstanding

The table below analyzes the present value of financial assets and liabilities by contractual maturity date:

- for fixed-income securities, loans and debt, total amortized cost (outstanding principal + ancillary expense/income included in the calculation of the effective interest rate + non-deferred premium/discount + impairment expense) is allocated on the basis of the contractual repayment terms and conditions;
- for variable-income securities, unless otherwise indicated, total fair value (face value + fair value remeasurement + any permanent impairment in value) is included under the "No fixed maturity" column;
- in the case of derivatives held for trading, positive or negative fair value is shown in the "Less than 1 month" column;
- in the case of hedging derivatives, positive or negative fair value is recorded at maturity;
- loans and deposits repayable on demand are shown in the "Less than 1 month" column;
- by default, accrued interest is recorded in the "Less than 1 month" column.

In millions of euros	Less than 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 to 2 years	From 2 to 5 years	Over 5 years	No fixed maturity	**Total**
Cash and amounts due from central banks	12,709	12						12,721
Trading derivatives	66,275							66,275
Other financial assets at fair value through profit or loss	5,650	745	2,885	2,719	5,305	11,849	10,482	39,635
Hedging derivatives	526	191	374	398	1,195	4,334		7,018
Available-for-sale financial assets	2,064	4,672	1,001	653	2,496	9,556	3,166	23,608
Loans and receivables due from credit institutions	25,130	13,775	15,609	9,431	21,229	33,992	938	120,104
Loans and receivables due from customers	14,899	7,149	9,259	9,194	25,411	99,857	819	166,588
Remeasurement adjustment on interest-rate risk hedged portfolios	3		92	113	337	1,222		1,767
Held-to-maturity financial assets	43	114	289	265	446	1,924		3,081
Financial assets by maturity	**127,299**	**26,658**	**29,509**	**22,773**	**56,419**	**162,734**	**15,405**	**440,797**
Amounts due to central banks	298							298
Trading derivatives	65,200							65,200
Other financial liabilities at fair value through profit or loss	13,859	2,953	2,275	2,008	6,112	12,979		40,186
Hedging derivatives	202	434	447	927	1,355	3,447		6,812
Amounts due to credit institutions	34,831	19,949	22,149	4,953	10,568	21,118	11	113,579
Amounts due to customers	19,908	6,325	1,407	493	811	1,761	597	31,302
Debt securities	22,394	23,152	15,675	14,950	35,046	46,986	11	158,214
Remeasurement adjustment on interest-rate risk hedged portfolios	145	3	(3)	(46)	30	502		721
Subordinated debt	413	16	11	393	999	6,138	6,472	14,442
Financial liabilities by maturity	**157,250**	**52,832**	**41,961**	**23,678**	**54,921**	**93,021**	**7,091**	**430,754**

Current financial assets and liabilities concern amounts payable or receivable in less than 12 months. As of December 31, 2008, current financial assets were €183,466 million and current financial liabilities were €252,043 million.

Note 8 Employee benefits

8.1 Personnel costs

In millions of euros	2008	2007
Wages and salaries	(1 458)	(1 480)
Expense on defined benefit and defined contribution plans	(126)	(117)
Other social security charges and payroll-based taxes	(660)	(516)
Profit sharing and incentive plans	(59)	(131)
TOTAL PERSONNEL COSTS	**(2 303)**	**(2 244)**

8.2 Average number of employees

	2008	2007 [1]
Managerial staff	13,705	11,739
Non-managerial staff	10,798	6,421
TOTAL	**24,503**	**18,160**

(1) The breakdown between managerial and non-managerial staff for 2007 was modified for purposes of comparison.

The change in the average number of employees between 2007 and 2008 is mainly due to the full-year inclusion of Nexity's average workforce (including GCE Immobilier's employees) in 2008.

	2008	2007
France	19,004	14,274
European Union (excluding France)	1,765	1,318
North America	1,043	429
Asia/Pacific	539	188
Rest of world	2,152	1,951
TOTAL	**24,503**	**18,160**

8.3 Employee benefit obligations

Groupe Caisse d'Epargne grants its staff a variety of employee benefits:

- the Caisses d'Epargne's private supplementary pension plan, previously managed by the Caisse Générale de Retraites des Caisses d'Epargne (CGRCE);
- pensions and other post-employment benefits such as retirement indemnities and other benefits granted to retirees;
- other benefits such as long-service awards and other long-term employee benefits.

As of January 1, 2008, the CGRCE was a supplementary pension scheme governed by Articles L. 941-1 et seq. of the French Social Security Code managing a private pension fund on behalf of Group personnel. As a result of the pension reform enacted in 2003, known as the "loi Fillon", these institutions were required to either wind up their operations, seek accreditation as an *institution de prévoyance* (employee benefits savings institution), or merge with such an institution by December 31, 2008.

Representatives of employee members of the CGRCE opted for the third solution. Therefore, as of December 31, 2008, the Caisse Générale de Prévoyance des Caisses d'Epargne absorbed the CGRCE. This merger has no direct accounting impact for the Group.

This reform had prompted Groupe Caisse d'Epargne to raise an additional provision of €149 million in 2005 and to carry out two transactions involving transfers of assets to the CGRCE in the total amount of €1,391 million. Additional asset transfers were carried out in 2006 and 2007, for €380 million and €365 million, respectively.

8.3.1 Analysis of assets and liabilities recorded in the balance sheet

	12/31/2008			12/31/2007		
In millions of euros	Pension obligations (1)	Other obligations	Total	Pension obligations (1)	Other obligations	Total
Present value of funded obligations	393	49	442	350	41	391
Fair value of plan assets	(210)		(210)	(189)		(189)
Fair value of reimbursement rights	(60)		(60)	(57)		(57)
Present value of unfunded obligations	36	6	42	37	7	44
Unrecognized items (actuarial gains or losses)	(15)		(15)	1		1
Unrecognized items (past service cost)	(13)	(1)	(14)	(3)		(3)
NET AMOUNT RECORDED IN THE BALANCE SHEET	**131**	**54**	**185**	**139**	**48**	**187**
Employee benefit obligations recorded in the balance sheet	**140**	**54**	**194**	**148**	**48**	**196**
Plan assets recorded in the balance sheet	**9**		**9**	**9**		**9**

(1) Including the CGRCE scheme now managed by CGPCE.

8.3.2 Change in amounts reported in the balance sheet

	12/31/2008			12/31/2007		
In millions of euros	Pension obligations [1]	Other obligations	Total	Pension obligations [1]	Other obligations	Total
Projected benefit obligation at start of year	387	48	435	271	64	335
Service cost	11	4	15	9	3	12
Interest cost	14	3	17	14	2	16
Benefits paid	(17)	(7)	(24)	(14)	(5)	(19)
Actuarial gains and losses	13	2	15	(7)		(7)
Past service cost	12	3	15	2		2
Other (translation adjustments, changes for the year)	9	2	11	112	(16)	96
Projected benefit obligation at end of year	**429**	**55**	**484**	**387**	**48**	**435**
Fair value of plan assets at start of year	(189)		(189)	(112)		(112)
Expected return on plan assets	(7)		(7)	(9)		(9)
Plan participant contributions	(4)		(4)	(8)		(8)
Benefits paid	(3)		(3)	3		3
Actuarial gains and losses for the period	4		4	3		3
Other (translation adjustments, changes for the year)	(11)		(11)	(66)		(66)
Fair value of plan assets at end of year	**(210)**	**0**	**(210)**	**(189)**	**0**	**(189)**
Fair value of reimbursement rights at start of year	(57)		(57)	(62)		(62)
Expected return on reimbursement rights	(2)		(2)	(2)		(2)
Contributions paid or received				7		7
Benefits paid	5		5	4		4
Actuarial gains and losses for the period	(6)		(6)			
Other (translation adjustments, changes for the year)				(4)		(4)
Fair value of reimbursement rights at end of year	**(60)**	**0**	**(60)**	**(57)**	**0**	**(57)**
Net obligation	**159**	**55**	**214**	**141**	**48**	**189**
Actuarial gains or losses and past service cost	(15)		(15)	1		1
Past service cost	(13)	(1)	(14)	(3)		(3)
NET AMOUNT RECORDED IN THE BALANCE SHEET	**131**	**54**	**185**	**139**	**48**	**187**

(1) Including the CGRCE scheme now managed by CGPCE.

As of December 31, 2008, the individual Caisses d'Epargne's pension plan assets comprise 88% bonds, 6% shares, 2% property assets, and 4% monetary assets. The expected return on plan assets is calculated by weighting the expected return on each category of asset by their respective weighting in the aggregate fair value of all plan assets.

Experience adjustments in the individual Caisses d'Epargne's pension plan (CGRCE scheme)

Experience adjustments are changes in plan assets and obligations unrelated to changes in actuarial assumptions.

In millions of euros	**12/31/2008**	12/31/2007	12/31/2006	01/01/2006
Present value of funded obligations (1)	89	81	91	96
Fair value of plan assets (2)	(92)	(85)	(95)	(97)
NET AMOUNT RECORDED IN THE BALANCE SHEET	**(3)**	**(4)**	**(4)**	**(1)**
Experience adjustments to pension obligations - gains/(losses) *as a % of (1)*	0.5%	4.0%	-1.1%	3.4%
Experience adjustments to pension obligations - gains/(losses) *as a % of (2)*	5.3%	-6.7%	-3.4%	-2.4%

8.3.3 Analysis of the charge relating to defined-benefit plans

The different components of the charge recognized for defined-benefit plans are included under "Personnel costs".

	12/31/2008			12/31/2007		
In millions of euros	Pension obligations (1)	Other obligations	Total	Pension obligations (1)	Other obligations	Total
Service cost	11	4	15	9	3	12
Interest cost	14	3	17	14	2	16
Expected return on plan assets	(7)		(7)	(9)		(9)
Expected return on reimbursement rights	(2)		(2)	(2)		(2)
Actuarial gains and losses	(2)	1	(1)	1		1
Exceptional events	(11)		(11)	(6)		(6)
TOTAL CHARGE FOR DEFINED-BENEFIT PLANS	**3**	**8**	**11**	**7**	**5**	**12**

(1) Including the CGRCE scheme now managed by CGPCE.

8.3.4 Main actuarial assumptions

	12/31/2008		12/31/2007	
Percentage	Pension obligations (1)	Other obligations	Pension obligations (1)	Other obligations
Discount rate	4.00% (2)	3,60%	4.60%	4.20%
Expected return on plan assets	4.10%		4.60%	
Expected return on reimbursement rights	4.00%		4.20%	
Mortality tables	TGH/TGF 05 TF 00-02 TPRV 93	TF 00-02	TGH/TGF 05 TF 00-02 TPRV93	TF 00-02

(1) Including the CGRCE scheme now managed by CGPCE.
(2) Tariff advantages granted to retired employees: 3.80%

8.4 Share-based payment

This section presents the Group's main share-based payment plans.

8.4.1 Bonus share allocation scheme (SAGA)

The Management Board of Natixis, at its meeting of November 12, 2007, decided to allocate, equitably and in registered form, 60 bonus shares to employees of Natixis and its subsidiaries, Groupe Banque Populaire and Groupe Caisse d'Epargne. Specifically, this allocation concerns employees working in France, with at least three years of service as of the grant date, for the following entities:

- Natixis;
- Banque Fédérale des Banques Populaires;
- Caisse Nationale des Caisses d'Epargne;
- credit institutions affiliated to one or the other of the two central institutions;
- entities in which Natixis, one of the central institutions, or one of the affiliated credit institutions has a direct or indirect ownership interest of more than 50%.

In total, more than 100,000 persons received this allocation.

Following the capital increase carried out by Natixis in September 2008, and in order to preserve the economic rights of beneficiaries, the Management Board of Natixis, at its meeting of December 8, 2008, decided to allocate 33 additional bonus shares to the beneficiaries of this plan.

Each Groupe Caisse d'Epargne entity (excluding Natixis) accrues a charge corresponding to the cost of the shares that will ultimately be vested in its employees. Natixis has begun the process of acquiring the necessary shares on the market and will rebill this amount at the end of the vesting period.

The total charge was calculated based on an acquisition price per share by Natixis, reflecting an average estimated employee turnover of 2.25% for the period (through November 12, 2009) and the new 10% employer contribution introduced by Article 13 of LFSS, the French social security financing law.

The charge recorded in respect of the shares is recognized over the two-year vesting period.

The charge recorded for 2008 in respect of the bonus share allocation scheme amounted to €22 million (€2 million for Natixis employees and €20 million for all other employees of Groupe Caisse d'Epargne).

8.4.2 Natixis share subscription option plans

	Number of options granted (Natixis employees)	Number of options granted (Groupe Caisse d'Epargne employees excluding Natixis)	Exercisable from	Last exercise date	Exercise price *(in euros)*	Fair value *(in euros)*
2004 Plan	3,916,220	-	November 2008	November 2011	5.79	1.33
2005 Plan	4,573,800	-	November 2009	November 2012	7.74	2.46
2007 Plan	7,698,922	3,850,000	January 2011	January 2014	14.38	5.03
2008 Plan	7,263,256	3,788,396	January 2012	January 2015	8.27	1.69

Due to recent renunciations, some options granted under the 2008 Plan are no longer in circulation.

The charge for the period amounted to €8 million (€4 million for Natixis employees and €4 million for all other employees of Groupe Caisse d'Epargne).

8.4.3 Nexity share subscription option and bonus share allocation plans

Nexity has set up a number of employee profit-sharing plans with the following characteristics:

Nexity plans	Number of options or shares granted	Number of options or shares granted, not cancelled and not exercised	Normal exercise date
2002 Plan	499,478	0	From June 2006
2003 Plan	135,455	28,160	From June 2007
February 2004 and May 2004 Plans	720,400	241,700	From February 2008
October 2004 and December 2004 Plans	750,000	659,800	From October 2008
October 2005 Plan	200,000	192,500	From October 2009
December 2005 Plan	184,500	166,500	From Q1 2009
March 2006 Plan	55,000	55,000	From Q1 2009
September 2006 Plan	15,000	12,000	From Q1 2010
December 2006 Plan	85,500	73,100	From Q1 2010
June 2007 Plan	53,500	47,700	From Q1 2010
January 2008 Plan	369,500	346,000	From Q1 2011
April 2008 Plan	139,500	135,000	From Q2 2011
December 2008 Plan	373,000	373,000	From Q1 2012
TOTAL	**3,580,833**	**2,330,460**	

In addition, Nexity's Board of Directors was delegated authority by the Shareholders' Meeting (valid through June 2009) to grant bonus shares equivalent to 1% of its capital (subject to a vesting period of at least two years as well as certain performance-related criteria). A total of 373,000 bonus shares have already been allocated under this authorization.

If all share subscription options and bonus share allocations granted or available to be granted were to be exercised, the maximum dilutive impact would be 4.5%.

Measurement of Nexity's stock option and bonus share allocation plans

The plans set up after November 7, 2002 were measured as follows:

Stock option plans

In millions of euros	Total valuation	Charge for 2008
February 2004 Plan	3.7	0.1
May 2004 Plan	2.9	0.2
October 2004 and December 2004 Plans	1.6	0.4
October 2005 Plan	1.0	0.2
TOTAL	**9.2**	**0.9**

Bonus share allocation plans

In millions of euros	Total valuation	Charge for 2008
December 2005 Plan	5.4	1.9
March 2006 Plan	2.6	1.0
September 2006 Plan	0.0	0.0
December 2006 Plan	1.3	0.0
June 2007 Plan	1.0	0.2
January 2008 Plan	4.7	1.4
April 2008 Plan	1.0	0.2
December 2008 Plan	1.7	0.0
TOTAL	**17.7**	**4.7**

The total measurement of the plans is determined on the basis of the Black and Scholes method.

Note 9 Segment information

9.1 Segment information relating to the consolidated income statement

The methods used to prepare the CNCE group's consolidated income statement for the year ended December 31, 2008 are described in Note 3 "Basis of preparation of the consolidated financial statements". The segment information provided in this section is presented in accordance with IAS 14.

In 2008, the CNCE group was organized around four main divisions:

- the **Commercial Banking division** comprising operations relating to lending, savings and other banking services carried out by Crédit Foncier and the other subsidiaries within the group network (mainly Banque Palatine and Océor), as well as the retail businesses held directly by the CNCE. The Commercial Banking division also includes the group's share in net income of the individual Caisses d'Epargne, via the Cooperative Investment Certificates (CICs) held by the CNCE;
- the **Real Estate Services division**, comprising Nexity, specialized in corporate and residential property development, and the group's other real estate subsidiaries (particularly Maisons France Confort, Meilleurtaux, GCE SEM, Mifcos and GCE Habitat);
- the **Insurance division**, which includes the group's life and general insurance subsidiaries (mainly CNP Assurances and GCE Assurances);
- the **Wholesale Banking & Financial Services division** (corresponding to the contribution of Natixis). This business is held in equal proportions by Groupe Caisse d'Epargne and Groupe Banque Populaire and is structured around four business segments:
  - corporate and investment banking which includes corporate financing and capital markets activities for major accounts,
  - asset management, private equity and private banking (CIGP),
  - investor services and retail banking, comprising securities (including back office activities), payments, insurance and sureties, employee benefits planning, and specialized financing solutions,
  - receivables management, which includes receivables protection, credit management, and factoring services.

The other activities included within Wholesale Banking & Financial Services correspond mainly to the activities of the Natixis holding company.

The Caisse Nationale des Caisses d'Epargne group's "Other activities" include businesses carried on by the group that are not directly operational and mainly include:

- the activities of holding structures that manage the central financing operations conducted by the CNCE on behalf of the group's divisions, CNCE support functions and investment management services;
- and non-recurring income and expense not related to the businesses carried on by the divisions (restructuring costs/synergies, impairment of goodwill, etc.).

The presentation of the income statement for the year ended December 31, 2008 is consistent with that used for the previous year. "Other activities" also includes CIFG's results for the 2007 fiscal year.

The methods used to present segment results aim to provide a more representative picture of the results and profitability of the group's different activities.

Inter-segment transactions are conducted under normal market conditions.

Performance by division

	Commercial Banking		Insurance		Real Estate Services		Wholesale Banking & Financial Services [1]		Other activities		**CNCE group**	
In millions of euros	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
Net banking income	1,831	1,574	115	94	895	760	1,050	2,094	(417)	(548)	3,474	3,974
Total operating expenses	(1,264)	(1,174)	(75)	(64)	(736)	(578)	(1,677)	(1,782)	(335)	(281)	(4,087)	(3,879)
Gross operating income	**567**	**400**	**40**	**30**	**159**	**182**	**(627)**	**312**	**(752)**	**(829)**	**(613)**	**95**
Cost of risk	(240)	(24)	0	0	(1)	0	(651)	(85)	(154)	(33)	(1,046)	(142)
Income before tax	**379**	**489**	**144**	**210**	**166**	**195**	**(1,194)**	**339**	**(2,268)**	**(671)**	**(2,773)**	**562**
Net income attributable to equity holders of the parent	**249**	**344**	**124**	**195**	**34**	**59**	**(989)**	**284**	**(1,411)**	**(282)**	**(1,993)**	**600**

(1) Group share in Natixis amounted to 34.66% in 2007 and 35.78% in 2008.

Performance of the Commercial Banking sub-divisions

	Caisses d'Epargne		Crédit Foncier		Other specialized networks		**Commercial Banking**	
In millions of euros	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
Net banking income	0	0	1,103	900	728	674	1,831	1,574
Total operating expenses	0	0	(622)	(619)	(642)	(555)	(1,264)	(1,174)
Gross operating income	**0**	**0**	**481**	**281**	**86**	**119**	**567**	**400**
Cost of risk	0	0	(166)	9	(74)	(33)	(240)	(24)
Income before tax	**39**	**86**	**310**	**296**	**30**	**107**	**379**	**489**
Net income attributable to equity holders of the parent	**39**	**86**	**185**	**193**	**25**	**65**	**249**	**344**

Performance of the Wholesale Banking & Financial Services sub-divisions

In millions of euros	Corporate and investment banking 2008	2007	Asset management and private equity and private banking 2008	2007	Investor services and retail banking 2008	2007	Receivables management 2008	2007	Other 2008	2007	**Wholesale Banking & Financial Services** 2008	2007
Net banking income	(213)	593	554	770	529	508	286	321	(106)	(98)	1,050	2,094
Total operating expenses	(655)	(693)	(406)	(502)	(342)	(315)	(249)	(232)	(25)	(40)	(1,677)	(1,782)
Gross operating income	**(868)**	**(100)**	**148**	**268**	**187**	**193**	**37**	**89**	**(131)**	**(138)**	**(627)**	**312**
Cost of risk	(537)	(77)	(25)	2	(8)	(6)	(10)	(5)	(71)	1	(651)	(85)
Income before tax	**(1,411)**	**(176)**	**128**	**275**	**257**	**289**	**36**	**87**	**(204)**	**(136)**	**(1,194)**	**339**
Net income attributable to equity holders of the parent	**(1,159)**	**(89)**	**76**	**178**	**182**	**214**	**25**	**64**	**(113)**	**(83)**	**(989)**	**284**

Restatements pertaining to 2007 segment information: reclassification of lease financing and international services activities (Natixis Pramex International and Natixis Algeria) from the corporate and investment banking division into the investor services division and adjustments for cost accounting agreements relating to the remuneration of allocated capital and the allocation of overhead expenses.

Breakdown of published net banking income by geographic region

In millions of euros	2008	2007
France	2,565	3,544
European Union (excluding France)	306	335
North America	270	(274)
Asia/Pacific	106	48
Rest of world	227	321
TOTAL	**3,474**	**3,974**

9.2 Segment information relating to the consolidated balance sheet

Caisse Nationale des Caisses d'Epargne group consolidated balance sheet includes the ownership interest held by the group in Natixis (amounting to 35.78% as of December 31, 2008 and 34.66% as of December 31, 2007).

In millions of euros	Commercial Banking 12/31/2008	12/31/2007	Insurance 12/31/2008	12/31/2007	Real Estate 12/31/2008	12/31/2007	Wholesale Banking & Financial Services 12/31/2008	12/31/2007	Other activities 12/31/2008	12/31/2007	**CNCE group** 12/31/2008	12/31/2007
Segment assets	144,503	131,349	1,145	1,492	5,034	4,739	185,882	169,870	139,495	126,065	476,059	433,515
Segment liabilities [(1)]	143,901	130,405	658	584	3,757	3,342	188,463	169,883	127,499	116,954	464,278	421,168

(1) Segment liabilities correspond to total liabilities less consolidated equity.

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In millions of euros	France		European Union (excluding France)		North America		Asia/Pacific		Rest of world		**Commercial Banking**	
	12/31/2008	12/31/2007	**12/31/2008**	12/31/2007	**12/31/2008**	12/31/2007	**12/31/2008**	12/31/2007	**12/31/2008**	12/31/2007	**12/31/2008**	12/31/2007
Segment assets	137,978	125,685	279	272	0	0	2,698	0	3,548	5,392	144,503	131,349
Segment liabilities (1)	137,487	124,801	274	266	0	0	2,717	0	3,423	5,338	143,901	130,405

In millions of euros	France		European Union (excluding France)		North America		Asia/Pacific		Rest of world		**Insurance**	
	12/31/2008	12/31/2007	**12/31/2008**	12/31/2007	**12/31/2008**	12/31/2007	**12/31/2008**	12/31/2007	**12/31/2008**	12/31/2007	**12/31/2008**	12/31/2007
Segment assets	1,145	1,490	0	2	0	0	0	0	0	0	1,145	1,492
Segment liabilities (1)	658	584	0	0	0	0	0	0	0	0	658	584

In millions of euros	France		European Union (excluding France)		North America		Asia/Pacific		Rest of world		**Real Estate**	
	12/31/2008	12/31/2007	**12/31/2008**	12/31/2007	**12/31/2008**	12/31/2007	**12/31/2008**	12/31/2007	**12/31/2008**	12/31/2007	**12/31/2008**	12/31/2007
Segment assets	5,034	4,739	0	0	0	0	0	0	0	0	5,034	4,739
Segment liabilities (1)	3,757	3,342	0	0	0	0	0	0	0	0	3,757	3,342

In millions of euros	France		European Union (excluding France)		North America		Asia/Pacific		Rest of world		**Wholesale Banking & Financial Services**	
	12/31/2008	12/31/2007	**12/31/2008**	12/31/2007	**12/31/2008**	12/31/2007	**12/31/2008**	12/31/2007	**12/31/2008**	12/31/2007	**12/31/2008**	12/31/2007
Segment assets	136,564	124,669	22,560	19,411	24,323	23,770	2,435	2,020	0	0	185,882	169,870
Segment liabilities (1)	138,461	124,678	22,873	19,413	24,661	23,772	2,468	2,020	0	0	188,463	169,883

In millions of euros	France		European Union (excluding France)		North America		Asia/Pacific		Rest of world		**Other activities**	
	12/31/2008	12/31/2007	**12/31/2008**	12/31/2007	**12/31/2008**	12/31/2007	**12/31/2008**	12/31/2007	**12/31/2008**	12/31/2007	**12/31/2008**	12/31/2007
Segment assets	139,495	125,853	0	0	0	212	0	0	0	0	139,495	126,065
Segment liabilities (1)	127,499	116,026	0	0	0	928	0	0	0	0	127,499	116,954

In millions of euros	France		European Union (excluding France)		North America		Asia/Pacific		Rest of world		**CNCE group**	
	12/31/2008	12/31/2007	**12/31/2008**	12/31/2007	**12/31/2008**	12/31/2007	**12/31/2008**	12/31/2007	**12/31/2008**	12/31/2007	**12/31/2008**	12/31/2007
Segment assets	420,216	382,436	22,839	19,685	24,323	23,982	5,133	2,020	3,548	5,392	476,059	433,515
Segment liabilities (1)	407,862	369,431	23,147	19,679	24,661	24,700	5,185	2,020	3,423	5,338	464,278	421,168

(1) Segment liabilities correspond to total liabilities less consolidated equity.

Note 10 Contingent liabilities and commitments

10.1 Contingent liabilities and commitments

The amounts shown represent the face value of commitments given and received.

In millions of euros	**12/31/2008**	12/31/2007
Commitments given		
Financing commitments	45,732	48,133
- to credit institutions	*14,387*	*9,919*
- to customers	*31,345*	*38,214*
Guarantee commitments	139,705	117,018
- to credit institutions	*71,099*	*34,714*
- to customers	*68,606*	*51,990*
- given by CIFG		*30,314*
Commitments related to securities to be delivered	3,082	3,943
Commitments received		
Financing commitments	39,774	5,634
- from credit institutions	*39,413*	*5,494*
- from customers	*361*	*140*
Guarantee commitments	113,769	90,806
- from credit institutions	*52,017*	*36,265*
- from customers	*61,752*	*54,541*
Commitments related to securities to be received	1,754	3,576

Guarantee commitments given include off-balance sheet commitments as well as financial instruments provided as collateral.

Financial instruments provided as collateral notably include receivables allocated as collateral under the refinancing arrangements described in the following section.

10.2 Financial assets pledged as collateral

The following table discloses the carrying amount of financial assets provided as collateral for liabilities and contingent liabilities (such as securities sold under repurchase agreements and hold-in-custody repos) booked in various accounting categories.

In millions of euros	**12/31/2008**	12/31/2007
Equity instruments	1,953	1,414
Debt instruments	18,060	30,099
Loans and receivables	48,495	903
o/w BCE (TRICP)	*44,454*	
o/w SFEF	*462*	
o/w BEI	*3,551*	
Other financial assets	390	0
TOTAL	**68,898**	**32,416**

These financial assets were provided as collateral in connection with the following arrangements:

European Central Bank (ECB)

In order to guarantee the European Central Bank's refinancing operations, the CNCE, as a depository financial institution, is required to create a collateral pool.

Two types of collateral are involved:

- the transfer of receivables held either by the CNCE or by any group entity, such as the individual Caisses d'Epargne, who have authorized the CNCE to transfer receivables in their name to the Banque de France (assignment of receivables under the Dailly Law mechanism);
- the pledging of securities which may have been previously borrowed or received under resale agreements.

Société de Financement de l'Economie Française (SFEF)

The SFEF is the refinancing company for the French banking sector and all of the bonds it issues are explicitly guaranteed by the French government.

Funds lent by the SFEF to French credit institutions are guaranteed through pledges of eligible receivables (consumer credit, mortgages) and are repaid under normal market conditions.

As the central institution of Groupe Caisse d'Epargne, the CNCE represents the Group's interests vis-à-vis the SFEF and serves as the coordinating body for all the Group's beneficiary entities. The CNCE only fulfills the role of mandated representative and account keeper for the individual Caisses d'Epargne.

European Investment Bank (EIB)

Among the measures used by the Caisse Nationale des Caisses d'Epargne group to optimize the financial conditions of the solutions offered to local authorities by its entities, funding is sought from the EIB, whose purpose is to support investments meeting the European Union's policy objectives.

Funds received from the EIB are divided among the group's institutions, which are ultimately responsible for lending these funds to the beneficiaries. This funding is usually backed by guarantees in the form of assignments of receivables (i.e., loans to local authorities) under the Dailly Law mechanism.

Note 11 Other information

11.1 Fair value of financial assets and liabilities

The following table provides a breakdown of financial instruments by type of price and valuation model:

In millions of euros	Quoted price in an active market	Internal model using observable parameters	Internal model using non-observable parameters	**Fair value 12/31/2008**
ASSETS				
Financial assets at fair value through profit or loss - trading	20,258	67,442	1,146	88,846
Financial assets at fair value through profit or loss - fair value option	10,256	2,659	4,149	17,064
Available-for-sale financial assets	13,800	8,688	1,120	23,608
LIABILITIES				
Financial liabilities at fair value through profit or loss - trading	9,286	64,484	761	74,531
Financial liabilities at fair value through profit or loss - fair value option	11	26,660	4,184	30,855

As of December 31, 2007, this breakdown was as follows:

In millions of euros	Quoted price in an active market	Internal model using observable parameters	Internal model using non-observable parameters	**Fair value 12/31/2007**
ASSETS				
Financial assets at fair value through profit or loss - trading	28,296	31,050	2,878	62,224
Financial assets at fair value through profit or loss - fair value option	10,163	2,807	2,141	15,111
Available-for-sale financial assets	17,403	13,934	2,716	34,053
LIABILITIES				
Financial liabilities at fair value through profit or loss - trading	11,911	24,131	1,169	37,211
Financial liabilities at fair value through profit or loss - fair value option	2,184	27,937	166	30,287

Fair value determined on the basis of quoted prices is the fair value obtained on the measurement date, by direct reference to published prices in an active market to which the entity has access.

When fair value is determined using a valuation technique, its amount is calculated on the basis of non-observable parameters.

The measurement of observability relates to the valuation models used by the group and the parameters used in connection with the valuation models.

Observability of valuation models used

A certain number of products, in particular derivatives, are valued using valuation models. The valuations obtained may rely either on observable parameters or on models recognized as market standards (i.e., whose valuation techniques are widely used) for the financial instrument in question. When one of these two conditions is not met, the valuation obtained will be considered as non-observable.

Observability of parameters used in valuation models

Mark-to-model valuations may be used for liquid markets. A parameter is defined as observable if it is non-proprietary (the data must originate with a source outside the entity), easily accessible (data must be readily available, for example, as provided by data supply services or contributions), regularly available, based either on a consensus or market transactions (either observed or by way of quoted prices constituting a commitment by the counterparty to trade).

The analysis of the observable nature of parameters relies on each of these sources individually or on any combination thereof.

Instruments whose fair value is measured using internal valuation models based on non-observable parameters are mainly securitization tranches classified in the categories "Financial assets designated at fair value through profit or loss" and "Available-for-sale financial assets", for which there is no quoted price in an active market. These instruments are often valued on the basis of prices established by contributors (*e.g.*, those provided by structured financing specialists).

In addition, most structured derivatives are products whose fair value is determined by applying valuation techniques making use of non-observable parameters. In contrast, the fair value of plain vanilla derivatives (standard interest rate swaps, CMS or TECs, standard currency swaps and options, caps/floors, FRAs, index-linked credit derivatives) is determined using models recognized as market standards on the basis of observable parameters.

With respect to financial assets and liabilities held for trading, the impact on 2008 income of changes in fair value determined by reference to non-observable parameters is €20 million.

11.2 Information concerning finance leases

In millions of euros	**12/31/2008**	12/31/2007
Less than 1 year	1,164	750
Between 1 and 5 years	3,444	2,859
Over 5 years	2,613	3,196
Gross investment in finance leases, receivables by maturity	**7,221**	**6,805**
Less than 1 year	933	597
Between 1 and 5 years	2,782	2,326
Over 5 years	2,203	2,734
Present value of minimum lease payments	**5,918**	**5,657**
Unearned financial income	1,210	1,063
Unguaranteed residual value attributable to the lessor	93	85

11.3 Related party transactions

For the Caisse Nationale des Caisses d'Epargne group, related parties are considered to be all consolidated companies, including companies carried under the equity method, the group's key management personnel, and the social housing undertakings in which the group is the sole core shareholder.

11.3.1 Executive compensation

The group's key management personnel are the members of the Management Board and Supervisory Board of the Caisse Nationale des Caisses d'Epargne, the central institution of Groupe Caisse d'Epargne.

Compensation paid in 2008 amounted to €7 million, allocated as shown in the table below across the categories specified in paragraph 16 of IAS 24:

In millions of euros	2008	2007
Short-term employee benefits	6	4
Post-employment benefits	1	1
Long-term employee benefits	-	-
Termination benefits	-	-
Share-based payments	-	-
TOTAL	**7**	**5**

Short-term benefits include compensation and benefits paid to members of the Management Board (basic compensation, remuneration in respect of their duties as corporate officers, benefits in kind, variable compensation and attendance fees), as well as attendance fees and other compensation paid to the members of the Supervisory Board.

Post-employment benefits include indemnities payable upon expiration of term of office and supplemental pension benefits provided by the special pension scheme for members of the Management Board of Caisse Nationale des Caisses d'Epargne.

Bonus shares were allocated in 2008 to the members of the Management Board of Caisse Nationale des Caisses d'Epargne, consisting of 8,000 Nexity shares and 99 Natixis shares following the capital increase in September 2008.

11.3.2 Intercompany transactions

As intercompany transactions carried out during the period and balances outstanding at the end of the period with fully consolidated companies are eliminated in full on consolidation, the table below only provides data relative to the non-eliminated portion of intercompany transactions concerning companies over which the group exercises joint control (proportionally consolidated) and intercompany transactions with companies over which the group exercises significant influence (equity-accounted).

	12/31/2008		12/31/2007	
In millions of euros	Proportionally consolidated companies	Companies accounted for by the equity method	Proportionally consolidated companies	Companies accounted for by the equity method
Loans	9,360		6,988	
Other financial assets	7,281	20	3,573	491
Other assets	296		92	
TOTAL ASSETS WITH RELATED PARTIES	**16,937**	**20**	**10,653**	**491**
Payables	3,197		7,508	
Other financial liabilities	2,049		2,489	
Other liabilities	127		175	
TOTAL LIABILITIES WITH RELATED PARTIES	**5,373**	**0**	**10,172**	**0**
Interest and similar income and expense	55		261	
Commission income/expense	17		78	
Net income from financial operations	874		(271)	
Net income from other activities	20		21	
TOTAL NET BANKING INCOME WITH RELATED PARTIES	**966**	**0**	**89**	**0**
Commitments given	6,766		12,403	
Commitments received	5,922		31,273	
Commitments on futures	80,550		105,619	

Note 12 Scope of consolidation

12.1 Changes in the scope of consolidation in 2008

The main changes in the scope of consolidation in 2008 are presented below.

12.1.1 Commercial Banking division

Consolidation of Banque Tuniso-Koweitienne

Banque Tuniso-Koweitienne has been fully consolidated by the group since January 2008, following the acquisition of a 60% stake for a total of €172 million. As a result of the acquisition, the group recognized €102 million in goodwill, representing the difference between the purchase price and the fair value of the assets and liabilities acquired (€70 million).

Change in ownership interest in Crédit Foncier

As the CNCE opted to settle its Crédit Foncier dividend in shares, the group's interest in this entity increased from 84.97% as of December 31, 2007 to 85.85% as of December 31, 2008. This did not have a material impact on the group's financial statements.

Exercise of the put option on Banque Palatine shares by Intesa Sanpaolo

On March 31, 2008, the CNCE acquired Intesa Sanpaolo's residual 36.66% interest in Banque Palatine for an amount of €367 million. In view of the existing reciprocal commitments, the impact of the acquisition had already been recognized in the group's consolidated financial statements. As a result, this transaction does not affect the group's goodwill, retained earnings, or minority interests.

12.1.2 Real Estate Services division

Agreements between Groupe Caisse d'Epargne and Maisons France Confort

On March 31, 2008, GCE Foncier Coinvest, 51%-owned by the CNCE, with the remainder held by its subsidiary Crédit Foncier, acquired a 49% stake in MFC PI, the holding company controlling the Maisons France Confort group.

As a result of the shareholders' agreement, Groupe Caisse d'Epargne exercises significant influence over MFC PI. Consequently, this entity is accounted for by the equity method in the group's consolidated financial statements. The €61 million difference between the fair value of assets and liabilities acquired (€28 million) and the purchase price (€89 million) was recorded as goodwill in the balance sheet and was included in the amount recognized under the equity method.

Acquisition of an additional stake in Iselection

Nexity acquired an additional 46% stake in Iselection, in which it already held an ownership interest of 34%. Including commitments to buy back the remaining 20% minority interest, total goodwill recognized for this transaction amounted to €108 million (for an acquisition cost of €128 million).

12.1.3 Insurance division

Agreement with Macif and MAIF concerning GCE Assurances

On May 14, 2008, the CNCE signed an agreement to sell 40% of GCE Assurances to Macif and MAIF. The group's ownership interest in GCE Assurances is now 46.37% and the dilution gain amounts to €25 million.

12.1.4 Natixis

Change in ownership interest in Natixis

The collective impact of CNCE's option to settle its Natixis dividend in shares, the capital increase during the third quarter of the year, and the equity investments carried out in the fourth quarter in the total amount of nearly €42 million was an increase in the group's ownership interest in Natixis from 34.66% as of December 31, 2007 to 35.78% as of December 31, 2008. These operations resulted in the recognition in the income statement (under the item "Changes in value of goodwill") of a negative amount of €127 million.

Transfer of certain Natixis businesses to CACEIS

Natixis transferred its depositary (custodian and issuer services for institutional customers), fund administration, operations management, and reporting businesses to CACEIS, a subsidiary of Natixis and Crédit Agricole SA. The transfer does not alter Natixis' ownership interest in CACEIS, which remains at 50%. As a result of the transfer, a gain was recognized on non-current assets for €37 million.

12.1.5 Other activities

Deconsolidation of CIFG

As discussed in Note 1.3.3, CIFG is no longer included in the scope of consolidation.

12.2 Securitization transactions

Securitization is a financing arrangement designed to enhance balance sheet liquidity. From a technical perspective, assets to be securitized are grouped according to the quality of the associated collateral or guarantees, and sold to special purpose entities who finance their acquisition by issuing securities underwritten by investors.

Entities created specifically for this purpose are not consolidated when the Group does not exercise control. Control is assessed based on the interpretation provided in SIC 12.

Crédit Foncier

The Crédit Foncier group carries out securitization transactions as part of its asset-liability management proprietary trading activities in order to obtain refinancing on the market under favorable terms. This refinancing is organized by two specialized subsidiaries: Compagnie de Financement Foncier and Vauban Mobilisations Garanties.

The following table shows assets that are transferred but not fully or partially derecognized.

In millions of euros	Nature of asset	Year of inception	Maturity	Face value at inception	Balance as of 12/31/2008
1 - Refinancing VMG					
Partimmo 06/2000	Mortgages	06/30/2000	July 2019	1,847	297
Partimmo 10/2001	Mortgages	10/29/2001	Oct. 2035	1,664	402
Partimmo 07/2002	Mortgages	07/ 10/ 2002	July 2039	1,222	375
Partimmo 10/2002	Mortgages	11/12/2002	Jan. 2022	707	214
Partimmo 05/2003	Mortgages	06/11/2003	July 2021	987	406
Partimmo 11/2003	Mortgages	11/12/2003	March 2029	1,045	437
Sub-total Partimmo				**7,472**	**2,131**
Zèbre 1	Mortgages	11/25/2004	Oct. 2031	1,173	514
Zèbre 2	Mortgages	10/28/2005	July 2024	739	408
Zèbre 2006-1	Mortgages	11/28/2006	Jan. 2046	688	504
Zèbre 2008-1	Mortgages	11/13/2008	Dec. 2055	3,180	2,972
Sub-total Zèbre				**5,780**	**4,398**
Total				**13,252**	**6,529**
2 - Refinancing SCF					
Antilope 1	Mortgages	09/20/2004	Sept. 2041	1,230	671
Antilope 2	Mortgages	09/23/2005	March 2044	1,752	1,142
Total				**2,982**	**1,813**
GRAND TOTAL				**16,234**	**8,342**

Natixis

Natixis uses specific vehicles to structure securitization arrangements on behalf of customers and investors.

As of December 31, 2008, the group had granted liquidity lines to three such vehicles (Versailles, Elixir Funding and Nacréa) totaling €3.5 billion (€1.25 billion based on Groupe Caisse d'Epargne's ownership interest).

A liquidity line in the amount of €2.8 billion (€1 billion based on Groupe Caisse d'Epargne's ownership interest) was also granted to a vehicle (Hudson Castle) in which Natixis participates as a co-sponsor.

In addition, Natixis has granted liquidity lines to several funds arranged by third parties (Landale, LMA SA, Thesee, Eureka, Victory Receivables Chase, Banca Pop Dell Adige, Northwest and Cedulas) for a total amount of €1.4 billion (€0.5 billion based on Groupe Caisse d'Epargne's ownership interest).

As of December 31, 2008, none of these vehicles was consolidated as Natixis did not exercise control over the entities and was not exposed to substantially all the risks and rewards of ownership of the securitized assets.

12.3 Guaranteed mutual funds

Mutual funds are designed to reach a specific amount at the end of a given period, determined by applying a predefined calculation formula based on financial market indicators and, where appropriate, to pay over revenues derived from the investments as determined using the same methods. The portfolio management targets of these funds are guaranteed by a credit institution.

Based on an analysis of the substance of these structures in accordance with SIC 12, the group cannot be regarded as holding substantially all the risks and rewards of ownership. Consequently, these entities are not consolidated.

12.4 Scope of consolidation as of December 31, 2008

Consolidated entities	Note [2]	Consolidation method [1]	% consolidation	% interest	Country
Caisse Nationale des Caisses d'Epargne		Parent company	Parent company	Parent company	France
Credit and financial institutions					
Caisse d'Epargne Alsace		Equity	7.16%	7.16%	France
Caisse d'Epargne Aquitaine Poitou-Charentes		Equity	7.16%	7.16%	France
Caisse d'Epargne Côte d'Azur		Equity	7.16%	7.16%	France
Caisse d'Epargne d'Auvergne et du Limousin		Equity	7.16%	7.16%	France
Caisse d'Epargne de Bourgogne Franche-Comté		Equity	7.16%	7.16%	France
Caisse d'Epargne Bretagne-Pays de Loire [5]		Equity	7.16%	7.16%	France
Caisse d'Epargne de Haute-Normandie [7]	2	-	-	-	-
Caisse d'Epargne Lorraine Champagne-Ardenne		Equity	7.16%	7.16%	France
Caisse d'Epargne de Midi-Pyrénées		Equity	7.16%	7.16%	France
Caisse d'Epargne Normandie [7]		Equity	7.16%	7.16%	France
Caisse d'Epargne de Picardie		Equity	7.16%	7.16%	France
Caisse d'Epargne Ile-de-France [6]		Equity	7.16%	7.16%	France
Caisse d'Epargne Ile-de-France Nord [6]	2	-	-	-	-
Caisse d'Epargne Ile-de-France Ouest [6]	2	-	-	-	-
Caisse d'Epargne Languedoc-Roussillon		Equity	7.16%	7.16%	France
Caisse d'Epargne Loire Drôme Ardèche		Equity	7.16%	7.16%	France
Caisse d'Epargne Loire-Centre		Equity	7.16%	7.16%	France
Caisse d'Epargne Nord France Europe		Equity	7.16%	7.16%	France
Caisse d'Epargne Pays de la Loire [5]	2	-	-	-	-
Caisse d'Epargne Provence-Alpes-Corse		Equity	7.16%	7.16%	France
Caisse d'Epargne Rhône Alpes		Equity	7.16%	7.16%	France
Banque BCP S.A.S.		Equity	30.00%	30.00%	France
IT technical centers and software houses					
CNETI	2	-	-	-	-

(1) Consolidation method, Full: full consolidation, Prop: proportional consolidation, Equity: equity method.
(2) Changes in the scope of consolidation in 2008:
1 - first-time consolidation;
2 - merged;
3 - deconsolidated;
4 - change in consolidation method.
(5) Merger of Caisse d'Epargne de Bretagne and Caisse d'Epargne des Pays de la Loire during the first half of 2008.
(6) Merger of Caisse d'Epargne Ile-de-France Nord, Caisse d'Epargne Ile-de-France Ouest and Caisse d'Epargne Ile-de-France Paris during the first half of 2008.
(7) Merger of Caisse d'Epargne de Basse Normandie and Caisse d'Epargne de Haute Normandie during the first half of 2008.
(8) Companies for which the individual monitoring and supervision of solvency ratios is performed as part of the context of the group's consolidated monitoring and supervision of its solvency ratios, pursuant to the provisions of Articles 4.1 and 4.2 of CRBF Regulation 2000-03.

Consolidated entities	Note [2]	Consolidation method [1]	% consolidation	% interest	Country
Banque Palatine group					
Banque Palatine		Full	100.00%	98.82%	France
ARIES Assurances	1	Full	100.00%	98.82%	France
Banque Fiducial	1	Equity	40.00%	39.53%	France
Banque Michel Inchauspé		Equity	20.00%	19.76%	France
Conservateur Finance		Equity	20.00%	19.76%	France
GERERS2E	1	Full	100.00%	98.82%	France
Palatine Asset Management		Full	100.00%	98.82%	France
Socavie SNC	2	-	-	-	-
Thiriet Gestion	3	-	-	-	-
Trust Mission	1	Equity	33.37%	32.98%	France
Océor group					
Financière Océor		Full	100.00%	100.00%	France
ALYSEOR		Full	100.00%	98.00%	France
Banque de la Réunion [8]		Full	100.00%	87.99%	France
Banque de Nouvelle-Calédonie [8]		Full	100.00%	95.99%	France
Banque de Tahiti [8]		Full	100.00%	95.95%	France
Banque des Antilles Françaises [8]		Full	100.00%	99.21%	France
Banque des Iles Saint-Pierre-et-Miquelon [8]		Full	100.00%	98.31%	France
Banque des Mascareignes		Full	100.00%	100.00%	Mauritius
Banque Tuniso-Koweitienne (group)	1	Full	100.00%	60.00%	Tunisia
BCP Luxembourg		Full	100.00%	80.10%	Luxembourg
Caisse d'Epargne de Nouvelle-Calédonie [8]		Full	100.00%	100.00%	France
Crédit Immobilier Hôtelier (group)		Equity	23.45%	23.45%	Morocco
Crédit Saint-Pierrais	4	Full	100.00%	53.37%	France
Fransabank (France) SA		Equity	40.01%	40.01%	France
GCE Maroc		Full	100.00%	100.00%	Morocco
GCE Maroc Immobilier (group)		Full	100.00%	100.00%	Morocco
GIE Océor Informatique		Full	100.00%	97.49%	France
INGEPAR		Full	100.00%	100.00%	France
Massira Capital Management		Equity	35.00%	35.00%	Morocco
Océor Lease		Full	100.00%	100.00%	France
Océor Lease Nouméa [8]		Full	100.00%	91.79%	France
Océor Lease Réunion [8]		Full	100.00%	100.00%	France
Océor Lease Tahiti [8]		Full	100.00%	97.37%	France
Océor Participations	1	Full	100.00%	100.00%	France
Océorane		Full	100.00%	100.00%	France
Société Havraise Calédonienne		Full	100.00%	88.15%	France

Consolidated entities	Note [2]	Consolidation method [1]	% consolidation	% interest	Country
Crédit Foncier group					
Crédit Foncier de France		Full	100.00%	85.85%	France
Banco Primus	4	Full	100.00%	72.97%	France
CFCAL Banque [8]		Full	100.00%	57.63%	France
CFCAL SCF [8]		Full	100.00%	57.63%	France
Cicobail [8]		Full	100.00%	85.53%	France
Cinergie [8]		Full	100.00%	85.53%	France
Cofimab		Full	100.00%	85.85%	France
Compagnie de Financement Foncier [8]		Full	100.00%	85.85%	France
Compagnie Financière de Garantie - CFG [8]		Full	100.00%	85.84%	France
Compagnie Foncière de Crédit [8]		Full	100.00%	85.85%	France
Ecufoncier		Full	100.00%	99.29%	France
Environnement Titrisation Entenial		Full	100.00%	85.85%	France
Financière Desvieux		Full	100.00%	85.84%	France
Foncier Expertise		Full	100.00%	85.80%	France
Foncier Participations		Full	100.00%	85.85%	France
Foncière d'Evreux		Full	100.00%	85.85%	France
Gramat Balard		Full	100.00%	85.85%	France
Locindus [8]		Full	100.00%	58.20%	France
Picardie Bail [8]	2	-	-	-	-
Quatrinvest		Full	100.00%	85.85%	France
Securisitised Instantly Repackaged Perpetuals	1	Full	100.00%	85.85%	France
Serexim		Full	100.00%	85.85%	France
Sipari		Full	100.00%	85.84%	France
Socfim [8]		Full	100.00%	85.84%	France
Socfim Participations immobilières		Full	100.00%	85.84%	France
Socfim Transaction		Full	100.00%	85.84%	France
Vendôme Investissements		Full	100.00%	85.84%	France
VMG		Full	100.00%	85.83%	France
Other real estate subsidiaries					
Eurosic Sicomi SA		Full	100.00%	32.37%	France
GCE foncier CO Invest	1	Full	100.00%	93.06%	France
GCE Habitat		Full	100.00%	100.00%	France
GCE SEM		Full	100.00%	100.00%	France
Maisons France Confort P-I	1	Equity	49.00%	45.60%	France
Meilleurtaux		Full	100.00%	61.01%	France
Mifcos		Full	100.00%	100.00%	France
Nexity Group [A]		Full	100.00%	39.52%	France
Oterom Holding		Full	100.00%	63.17%	France

(A) Nexity Group comprises approximately 1,650 entities, details of which may be found in Nexity's registration document.

Consolidated entities	Note [2]	Consolidation method [1]	% consolidation	% interest	Country
SACOGIVA		Equity	45.00%	45.00%	France
SAS Foncière Ecureuil	3	-	-	-	-
SAS PAV Immobilier	1	Full	100.00%	100.00%	France
SNC SEI Logement		Full	100.00%	100.00%	France
SNC SEI Tertiaire		Full	100.00%	99.86%	France
Société Européenne d'Investissement		Full	100.00%	100.00%	France
SOGIMA		Equity	55.99%	55.99%	France
Vectrane	3	-	-	-	-
Holassure group					
Holassure		Full	100.00%	100.00%	France
Sopassure		Prop	49.98%	49.98%	France
CNP Assurances (group)		Equity	15.76%	15.76%	France
Other entities					
CEMM	3	-	-	-	-
Compagnie IXIS Financial Garantie - CIFG	3	-	-	-	-
GCE Achat		Full	100.00%	59.82%	France
GCE Assurances (formerly Ecureuil Assurance IARD)		Full	100.00%	46.37%	France
GCE Capital	1	Full	100.00%	100.00%	France
GCE Courtage	1	Full	100.00%	100.00%	France
GCE Covered Bonds [8]	1	Full	100.00%	99.29%	France
GCE Distribution	3	-	-	-	France
GCE Newtec		Full	100.00%	100.00%	France
GCE Paiements		Full	100.00%	100.00%	France
GCE Participations		Full	100.00%	100.00%	France
GIE GCE Garantie	1	Equity	41.95%	41.95%	France
SASU IGCE	1	Full	100.00%	100.00%	France
SNC Participations Ecureuil		Full	100.00%	100.00%	France
Surassur	3	-	-	-	-
Dedicated mutual fund of the Caisses d'Epargne network					
Fonds Delessert	1	Full	100.00%	100.00%	France
Natixis group					
Natixis		Prop	35.78%	35.78%	France
Banque Populaire Alsace		Equity	7.16%	7.16%	France
Banque Populaire Atlantique		Equity	7.16%	7.16%	France
Banque Populaire Bourgogne Franche-Comté		Equity	7.16%	7.16%	France
Banque Populaire Centre Atlantique		Equity	7.16%	7.16%	France
Banque Populaire de la Côte d'Azur		Equity	7.16%	7.16%	France
Banque Populaire de Loire et du Lyonnais		Equity	7.16%	7.16%	France
Banque Populaire de l'Ouest		Equity	7.16%	7.16%	France

Consolidated entities	Note [2]	Consolidation method [1]	% consolidation	% interest	Country
Banque Populaire des Alpes		Equity	7.16%	7.16%	France
Banque Populaire du Massif Central		Equity	7.16%	7.16%	France
Banque Populaire du Nord		Equity	7.16%	7.16%	France
Banque Populaire du Sud		Equity	7.16%	7.16%	France
Banque Populaire du Sud-Ouest		Equity	7.16%	7.16%	France
Banque Populaire Lorraine Champagne		Equity	7.16%	7.16%	France
Banque Populaire Occitane		Equity	7.16%	7.16%	France
Banque Populaire Provençale et Corse		Equity	7.16%	7.16%	France
Banque Populaire Rives de Paris		Equity	7.16%	7.16%	France
Banque Populaire Val de France		Equity	7.16%	7.16%	France
BRED - Banque Populaire		Equity	7.16%	7.16%	France
CASDEN - Banque Populaire		Equity	7.16%	7.16%	France
Crédit Coopératif		Equity	7.16%	7.16%	France
11 West Division LLC	3	-	-	-	-
ADIR		Equity	12.16%	12.16%	Lebanon
Assurances Banque Populaire Actions		Prop	35.78%	35.15%	France
Assurances Banque Populaire Croissance Rendement		Prop	35.78%	35.26%	France
Assurances Banque Populaire IARD		Equity	17.86%	17.86%	France
Assurances Banque Populaire MIDCAP		Prop	35.78%	35.78%	France
Assurances Banque Populaire Prévoyance		Prop	35.78%	35.78%	France
Assurances Banque Populaire Vie		Prop	35.78%	35.78%	France
Banque Privée Saint Dominique [8]		Prop	35.78%	35.78%	France
Bedford Oliver Funding LLC		Prop	35.78%	35.78%	United States
Bloom Asset Holdings Fund PLC		Prop	35.78%	35.78%	Ireland
BP Développement		Prop	35.78%	6.73%	France
BPSD Gestion		Prop	35.78%	35.77%	France
CACEIS (group) [A]		Prop	17.89%	17.89%	France
Califano Investments Ltd		Prop	35.78%	35.78%	Malta
Casanli		Prop	17.89%	17.89%	Luxembourg
CDC Holding Trust		Prop	35.78%	35.78%	United States
CLEA2	3	-	-	-	-
CM REO Holding Trust	1	Prop	35.78%	35.78%	United States
Coface (group) [B]		Prop	35.78%	35.78%	France
Dhalia A Sicar SCA		Prop	35.78%	35.78%	Luxembourg
Dupont-Denant Contrepartie		Prop	35.78%	17.89%	France
EDF Investissement Groupe		Prop	5.37%	5.37%	Belgium
EDVAL C Investments Ltd		Prop	35.78%	35.78%	United Kingdom
Emerging Markets Global Strategies II Ltd	1	Prop	35.78%	35.78%	Cayman Islands

(A) The CACEIS group comprises 21 entities, details of which may be found in Natixis' registration document.
(B) The Coface group comprises 57 entities, details of which may be found in Natixis' registration document.

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Consolidated entities	Note [2]	Consolidation method [1]	% consolidation	% interest	Country
Emerging Markets Global Strategies Ltd	1	Prop	35.78%	35.78%	Cayman Islands
FCPR IXEN I		Prop	35.78%	31.49%	France
FCPR IXEN II		Prop	35.78%	30.16%	France
FCPR IXEN III	1	Prop	35.78%	35.52%	France
FILI SA		Prop	35.78%	35.78%	Luxembourg
Financière Natexis Singapore		Prop	35.78%	35.78%	Singapore
Finatem		Prop	35.78%	35.78%	Germany
FNS2		Prop	35.78%	35.78%	Singapore
FNS3		Prop	35.78%	35.78%	Singapore
FNS4		Prop	35.78%	32.76%	Singapore
FNS5	1	Prop	35.78%	35.78%	Singapore
Foncier Assurance		Prop	35.78%	21.47%	France
Foncière Kupka	3	-	-	-	-
Fructibail [8]		Prop	35.78%	35.78%	France
Fructibail Invest		Prop	35.78%	35.78%	France
Fructicomi [8]		Prop	35.78%	35.78%	France
Fructifoncier		Prop	35.78%	35.78%	France
Garbo Invest		Prop	35.78%	35.78%	Luxembourg
GCE Bail [8]		Prop	35.78%	35.75%	France
Gestitres	2	-	-	-	-
Guava CDO Ltd		Prop	35.78%	35.78%	Jersey
Gulf Capital Luxembourg	3	-	-	-	-
Initiative et Finance Investissement		Prop	35.78%	25.37%	France
IXIS Alternative Holding Ltd		Prop	35.78%	35.78%	United Kingdom
IXIS CMNA (Australia) (No. 2) LLC		Prop	35.78%	35.78%	United States
IXIS CMNA (Australia) (No. 2) SCA		Prop	35.78%	35.78%	Luxembourg
IXIS CMNA (Australia) Acceptances (No. 1) Inc.	3	-	-	-	-
IXIS CMNA (Australia) Acceptances (No. 2) Inc.	3	-	-	-	-
IXIS CMNA (Australia) Funding (No. 1) Pty Ltd	3	-	-	-	-
IXIS CMNA (Australia) Funding (No. 2) Pty Ltd	3	-	-	-	-
IXIS CMNA (Australia) Holdings (No. 2) Inc.		Prop	35.78%	35.78%	United States
IXIS CMNA (Australia) Holdings Inc.		Prop	35.78%	35.78%	United States
IXIS CMNA (Australia) Participations (No. 1) Inc.	3	-	-	-	-
IXIS CMNA (Australia) Participations (No. 2) Inc.	3	-	-	-	-
IXIS CMNA Acceptances LLC		Prop	35.78%	35.78%	United States
IXIS CMNA International Holdings Inc.		Prop	35.78%	35.78%	United States
IXIS CMNA International Participations (No. 1) LLC	3	-	-	-	-
IXIS CMNA IP Assets Holdings (Luxembourg)		Prop	35.78%	35.78%	Luxembourg
IXIS Hawai Special Member LLC		Prop	35.78%	35.78%	United States

Consolidated entities	Note [2]	Consolidation method [1]	% consolidation	% interest	Country
IXIS Loan Funding I LLC		Prop	35.78%	35.78%	United States
IXIS LT Investor LLC		Prop	35.78%	35.78%	United States
IXIS Manzano Special Member LLC	3	-	-	-	-
IXIS Municipal Products Inc. Saratoga Series 2004-2 Trust	3	-	-	-	-
IXIS Municipal Products Inc. Saratoga Series 2004-4 Trust	3	-	-	-	-
IXIS Municipal Products Inc. Saratoga Series 2005-7 Trust	3	-	-	-	-
IXIS Municipal Products Inc. Saratoga Series 2004-9 Trust	3	-	-	-	-
IXIS Municipal Products Inc. Saratoga Series 2005-12 Trust	3	-	-	-	-
IXIS Municipal Products Inc. Saratoga Series 2005-19 Trust	3	-	-	-	-
IXIS Municipal Products Inc. Saratoga Series 2005-20 Trust	3	-	-	-	-
IXIS Municipal Products Inc. Saratoga Series 2005-21 Trust	3	-	-	-	-
IXIS Municipal Products Inc. Saratoga Series 2005-23 Trust	3	-	-	-	-
IXIS Municipal Products Inc. Saratoga Series 2005-24 Trust	3	-	-	-	-
IXIS SP S.A. Compartiment Prévie		Prop	35.78%	35.78%	Luxembourg
IXIS Strategic Investments Corp.		Prop	35.78%	35.78%	United States
JP Morgan Trust FLHSP	3	-	-	-	-
JP Morgan Trust FLHSP1	3	-	-	-	-
JP Morgan Trust FLNJTPK	3	-	-	-	-
JP Morgan Trust FLUNV	3	-	-	-	-
JP Morgan Trust MASPL	3	-	-	-	-
JP Morgan Trust PRHGH	3	-	-	-	-
JP Morgan Trust TXUNV	3	-	-	-	-
La Compagnie 1818 - Banquiers Privés (group) [8] [A]		Prop	35.78%	35.03%	France
Lime CDO Ltd		Prop	35.78%	35.78%	Jersey
Mango CDO Ltd	3	-	-	-	-
Mercosul		Prop	35.78%	33.48%	United Kingdom
Natexis ABM Corp. LLC		Prop	35.78%	35.78%	United States
Natexis Actions Capital Structurant		Prop	35.78%	26.73%	France
Natexis AMBS Company LLC	3	-	-	-	-
Natexis Banques Populaires Invest		Prop	35.78%	35.78%	France
Natexis Banques Populaires Preferred Capital I		Prop	35.78%	0.00%	United States
Natexis Banques Populaires Preferred Capital II		Prop	35.78%	0.00%	United States

(A) The group La Compagnie 1818 - Banquiers Privés comprises six entities, details of which may be found in Natixis' registration document.

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Consolidated entities	Note (2)	Consolidation method (1)	% consolidation	% interest	Country
Natexis Banques Populaires Preferred Capital III		Prop	35.78%	0.00%	United States
Natexis Cape		Prop	35.78%	33.91%	Luxembourg
Natexis Commodity Markets Ltd		Prop	35.78%	35.78%	United Kingdom
Natexis Funding USA LLC		Prop	35.78%	35.78%	United States
Natexis Industrie FCPR		Prop	35.78%	27.92%	France
Natexis Inversiones SL		Prop	35.78%	29.02%	Spain
Natexis Investment Corp.		Prop	35.78%	35.77%	United States
Natexis Private Equity International Singapore		Prop	35.78%	35.78%	Singapore
Natexis Private Equity Opportunities		Prop	35.78%	34.92%	France
Natexis US Finance Corporation		Prop	35.78%	35.78%	United States
Natinium Financial Products		Prop	35.78%	35.78%	Ireland
Natixis ABM Corp.		Prop	35.78%	35.78%	United States
Natixis Algérie		Prop	35.78%	35.78%	Algeria
Natixis Altaïr	2	-	-	-	-
Natixis Altaïr IT Share Services	1	Prop	35.78%	35.77%	France
Natixis Alternative Investments International SA		Prop	35.78%	35.78%	Luxembourg
Natixis Alternative Investments Ltd		Prop	35.78%	35.78%	United Kingdom
Natixis Arbitrage	3	-	-	-	-
Natixis Asia Ltd		Prop	35.78%	35.78%	Hong Kong
Natixis Asset Finance Inc.	3	-	-	-	-
Natixis Assurances		Prop	35.78%	35.78%	France
Natixis Australia Pty Ltd	1	Prop	35.78%	35.78%	Australia
Natixis Bail (8)		Prop	35.78%	35.78%	France
Natixis Belgique Investissements		Prop	35.78%	35.78%	Belgium
Natixis Bleichroeder Inc.		Prop	35.78%	35.78%	United States
Natixis Capital Arranger Corp.		Prop	35.78%	35.78%	United States
Natixis Capital Markets Inc.		Prop	35.78%	35.78%	United States
Natixis Coficine (8)		Prop	35.78%	33.76%	France
Natixis Commercial Paper Corp.		Prop	35.78%	35.78%	United States
Natixis Consumer Finance		Prop	35.78%	35.78%	France
Natixis Consumer Finance IT		Prop	35.78%	35.78%	France
Natixis Corporate Solutions Asia Pte Ltd		Prop	35.78%	35.78%	Singapore
Natixis Corporate Solutions Ltd		Prop	35.78%	35.78%	Ireland
Natixis Derivatives Inc.		Prop	35.78%	35.78%	United States
Natixis Energeco (8)		Prop	35.78%	35.78%	France
Natixis Environnement et Infrastructures		Prop	35.78%	35.78%	France
Natixis Finance		Prop	35.78%	35.78%	France
Natixis Financement (8)		Prop	35.78%	23.97%	France
Natixis Financial Products Inc.		Prop	35.78%	35.78%	United States
Natixis Foncière (formely Spafica)		Prop	35.78%	35.77%	France

Consolidated entities	Note [2]	Consolidation method [1]	% consolidation	% interest	Country
Natixis Funding [8]		Prop	35.78%	35.77%	France
Natixis Funding Corp.		Prop	35.78%	35.78%	United States
Natixis Garanties (group) [8] [A]		Prop	35.78%	35.78%	France
Natixis Global Asset Management (group) [B]		Prop	35.78%	31.72%	France
Natixis Immo Développement		Prop	35.78%	35.77%	France
Natixis Immo Exploitation		Prop	35.78%	35.78%	France
Natixis Innov		Prop	35.78%	35.78%	France
Natixis Interepargne [8]		Prop	35.78%	35.78%	France
Natixis Intertitres		Prop	35.75%	35.75%	France
Natixis Investissement		Prop	35.78%	29.93%	France
Natixis Investment Management Corp.		Prop	35.78%	35.78%	United States
Natixis Investor Servicing	3	-	-	-	-
Natixis Lease [8]		Prop	35.78%	35.78%	France
Natixis Lease Madrid		Prop	35.78%	35.78%	Spain
Natixis Lease Milan		Prop	35.78%	35.78%	Italy
Natixis Life		Prop	35.78%	35.78%	Luxembourg
Natixis LLD		Prop	35.78%	35.77%	France
Natixis Luxembourg		Prop	35.78%	35.78%	Luxembourg
Natixis Luxembourg Investissements		Prop	35.78%	35.78%	Luxembourg
Natixis Malta Investments Ltd		Prop	35.78%	35.78%	Malta
Natixis Marco		Prop	35.78%	35.78%	France
Natixis Moscow		Prop	35.78%	35.78%	Russia
Natixis Municipal Products Inc.		Prop	35.78%	35.78%	United States
Natixis North America Inc.		Prop	35.78%	35.78%	United States
Natixis Paiements [8]		Prop	35.78%	35.78%	France
Natixis Participations 1 (formely NXBP1)		Prop	35.78%	35.78%	France
Natixis Participations Holding Inc.	3	-	-	-	-
Natixis Participations No. 1 Inc.	3	-	-	-	-
Natixis Pramex France - Paris		Prop	35.78%	35.06%	France
Natixis Pramex Gmbh - Frankfurt		Prop	35.78%	35.45%	Germany
Natixis Pramex International		Prop	35.78%	35.45%	France
Natixis Pramex International - Madrid		Prop	35.78%	35.45%	Spain
Natixis Pramex International - Milan		Prop	35.78%	33.99%	Italy
Natixis Pramex International - Tunis		Prop	35.78%	35.45%	Tunisia
Natixis Pramex International AP Ltd - Hong Kong		Prop	35.78%	35.45%	Honk Hong
Natixis Pramex International Corp. - New York		Prop	35.78%	35.45%	United States

(A) The group Natixis Garanties comprises five entities, details of which may be found in Natixis' registration document.

(B) The group Natixis Global Asset Management comprises 108 entities, details of which may be found in Natixis' registration document.

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Consolidated entities	Note [2]	Consolidation method [1]	% consolidation	% interest	Country
Natixis Pramex International do Brasil - Sao Paulo		Prop	35.78%	35.45%	Brazil
Natixis Pramex International Inc. - Montreal		Prop	35.78%	35.45%	Canada
Natixis Pramex International Ltd - London		Prop	35.78%	35.45%	United Kingdom
Natixis Pramex International Sarlau - Casablanca		Prop	35.78%	35.45%	Morocco
Natixis Pramex International SP ZO.O - Warsaw		Prop	35.78%	35.45%	Poland
Natixis Pramexrus - Moscow		Prop	35.78%	35.45%	Russia
Natixis Private Banking		Prop	35.78%	35.78%	France
Natixis Private Banking International		Prop	35.78%	35.78%	Luxembourg
Natixis Private Equity		Prop	35.78%	35.78%	France
Natixis Private Equity International		Prop	35.78%	35.78%	France
Natixis Private Equity International Luxembourg	1	Prop	35.78%	35.78%	Luxembourg
Natixis Real Estate Capital Inc.		Prop	35.78%	35.78%	United States
Natixis Securities [8]		Prop	35.78%	35.78%	France
Natixis Securities North America Inc.		Prop	35.78%	35.78%	United States
Natixis Securitization Corp.		Prop	35.78%	35.78%	United States
Natixis Structured Products Ltd		Prop	35.78%	35.78%	Jersey
Natixis Transport Finance [8]		Prop	35.78%	35.78%	France
Natixis Venture Selection		Prop	35.78%	35.78%	France
Naxicap Partners		Prop	35.78%	35.77%	France
NEM 2		Prop	35.78%	35.71%	France
Nexgen Capital Ltd		Prop	35.78%	35.78%	Ireland
Nexgen Financial Holdings Ltd		Prop	35.78%	35.78%	Ireland
Nexgen Mauritius Ltd		Prop	35.78%	35.78%	Mauritius
Nexgen Reinsurance Ltd		Prop	35.78%	35.78%	Ireland
NH Philadelphia Property LP	1	Prop	35.78%	35.78%	United States
OPCI Natixis Lease Investment	1	Prop	35.78%	35.78%	France
Opéra Sentier SAS	3	-	-	-	-
PAR Fund GP LLC	3	-	-	-	-
Parallel Absolute Return Fund LP	3	-	-	-	-
Parallel Absolute Return Fund Ltd	3	-	-	-	-
Parallel Absolute Return Master Fund	3	-	-	-	-
Plaza/Trinity LLC		Prop	35.78%	35.78%	United States
Plaza Square Appartments Owners LLC		Prop	35.78%	35.78%	United States
Providente SA		Prop	35.78%	35.69%	France
S.C.I. ABP Pompe	3	-	-	-	-
S.C.I. Altaïr 1		Prop	35.78%	35.78%	France
S.C.I. Altaïr 2		Prop	35.78%	35.78%	France
S.C.I. Valmy Coupole		Prop	35.78%	35.78%	France

Consolidated entities	Note [2]	Consolidation method [1]	% consolidation	% interest	Country
SAS Immobilière Natixis Bail	1	Prop	35.78%	35.78%	France
SAS VAL A		Prop	35.78%	35.78%	France
Seventure Partners	3	-	-	-	-
SLIB		Prop	35.78%	23.83%	France
SNC Tolbiac Finance		Prop	35.78%	35.78%	France
Universe Holdings Ltd		Prop	35.78%	35.78%	Cayman Islands
Vitalia Vie		Prop	35.78%	35.78%	France
Worledge A Investments Ltd		Prop	35.78%	35.78%	United Kingdom

6.3.6 Statutory Auditors' report on the consolidated financial statements

Year ended December 31, 2008

Groupe Caisse Nationale des Caisses d'Epargne
5, rue Masseran
F-75007 Paris

To the Shareholders,

In compliance with the assignment entrusted to us by the Annual Shareholders' Meeting, we hereby report to you, for the year ended December 31, 2008, on:

- the audit of the accompanying consolidated financial statements of the Caisse Nationale des Caisses d'Epargne group;
- the justification of our assessments;
- the specific verification required by law.

The consolidated financial statements have been approved by your Management Board. Our role is to express an opinion on these financial statements based on our audit.

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, using sample testing techniques or other selection methods, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made, as well as evaluating the overall financial statement presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the Group's financial position and its assets and liabilities as of December 31, 2008, and of the results of the operations of the group of companies and other legal entities included in the scope of consolidation for the year then ended, in accordance with IFRS as adopted by the European Union.

Without qualifying the opinion expressed above, we draw your attention to Note 2 to the consolidated financial statements, which describes the change in accounting method pursuant to the amendment to IAS 39 issued on October 15, 2008, which authorizes the reclassification of certain financial assets.

II. Justification of our assessments

As presented in Note 1.3.3 to the consolidated financial statements and in §1.3 of the group's management report, the recent financial and economic crisis, which has resulted in a dramatic rise in volatility, a significant decrease in liquidity in certain markets, and has made the production of accurate economic and financial forecasts very difficult, has impacted credit institutions on a number of fronts, affecting in particular their activities, their earnings, their risks, and their ability to obtain refinancing. This situation has had particular consequences for the preparation of financial statements this year, especially with regard to accounting estimates. It is in light of these circumstances that, pursuant to the provisions of Article L. 823-9 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

Accounting policies

Notes 2 and 4.2.2 to the consolidated financial statements describe the amendment to IAS 39, which offers the option, under certain conditions, to reclassify financial assets:

- from the categories "financial assets held for trading" and "available-for-sale financial assets" to the category "loans and receivables";
- from the trading category to the categories "available-for-sale financial assets" or "held-to-maturity financial assets".

As part of our assessment of the accounting principles used by the group, we verified that this change in accounting method was properly applied as well as the appropriateness of the disclosures provided to this effect in Notes 5.6 and 5.7 to the consolidated financial statements.

Accounting estimates

- As indicated in Notes 4.2.1 and 7.1 to the consolidated financial statements, the group records impairment and provisions to cover the credit risks inherent to its operations. We reviewed the control procedures put in place by the group to monitor credit risks, assess the risks of non-recovery and calculate related impairment and provisions on an individual and portfolio basis.
- As indicated in Notes 4.2.4, 4.2.5 and 11.1 to the consolidated financial statements, the group uses internal models and techniques to measure positions on financial instruments that are not quoted in active markets, and to assess whether the designation of hedging transactions is appropriate. We reviewed the control procedures relating to the identification of a particular market as inactive, the validation of the models used, and the definition of parameters applied.

- The group recognizes impairment on available-for-sale financial assets (Notes 4.2.2 and 5.3 to the consolidated financial statements):
  - for equity instruments, whenever there is objective evidence of permanent impairment as well as a material decrease in the value of these assets;
  - for debt instruments, whenever there is a known counterparty risk.

  We reviewed the control procedures put in place by the Group relating to the identification of indications of impairment, the valuation of the most significant holdings, as well as the charges recognized to cover the impairment estimated in this manner.
- The Group tested its goodwill for impairment, which resulted in the recognition of impairment losses (Notes 3.6 and 5.14 to the consolidated financial statements). We reviewed the methods and main assumptions used when performing these tests.
- The Group recorded deferred tax assets with respect to prior year losses carried forward (Notes 4.11, 5.9 and 6.11 to the consolidated financial statements) whose use is deemed probable in connection with the new tax consolidation group, which will comprise the Caisse Nationale des Caisses d'Epargne, the individual Caisses d'Epargne, and all subsidiaries in which the CNCE and the Caisses d'Epargne hold a stake of more than 95%. We reviewed the main estimates and assumptions having led to the recognition of these deferred tax assets.
- The Group sets aside provisions in respect of its employee benefit obligations. We reviewed the valuation method for these obligations and the assumptions and parameters used. We also reviewed the independent actuaries' report, where available, and verified the appropriateness of the disclosures provided in Notes 4.9 and 8.3 to the consolidated financial statements.
- In connection with its standard account closing practices, the group made other accounting estimates in order to calculate technical provisions for insurance companies (Notes 4.12 and 5.15 to the consolidated financial statements). We reviewed the assumptions used and verified that these accounting estimates are based on documented methods, in accordance with the principles set forth in the abovementioned notes to the consolidated financial statements.

These assessments were made in the context of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed, which is expressed in the first part of this report.

III. Specific verification

We also performed the specific verification required by law relating to the disclosures included in the Caisse Nationale des Caisses d'Epargne group's management report.

We have no matters to report as to its fair presentation and consistency with the consolidated financial statements.

Neuilly-sur-Seine and La Défense, April 2, 2009

The Statutory Auditors

PricewaterhouseCoopers Audit		**Mazars**	
Anik Chaumartin	Jean-Baptiste Deschryver	Michel Barbet-Massin	Charles de Boisriou

6.4 Financial statements of the Caisse Nationale des Caisses d'Epargne

Parent company financial statements of the Caisse Nationale des Caisses d'Epargne for the year ended December 31, 2008

The Statutory Auditors expressed an unqualified opinion in their audit report on the parent company financial statements of the Caisse Nationale des Caisses d'Epargne for the year ended December 31, 2008, which are presented below.

The parent company financial statements and the Statutory Auditors' report on these financial statements are available at the company's business headquarters.

6.4.1 Balance sheet and off-balance sheet items as of December 31, 2007 and December 31, 2008

Assets

In millions of euros	Note	12/31/2008	12/31/2007
Cash and amounts due from central banks		**11,797**	**6,857**
Treasury bills and similar securities	**3.1.4**	**0**	**6**
Loans and advances due from credit institutions	**3.1.1/3.1.6**	**107,295**	**102,672**
Demand accounts		6,591	14,703
Term accounts		100,704	87,969
Customer transactions	**3.1.2/3.1.6**	**2,030**	**1,960**
Other customer loans		1,923	1,630
Current accounts in debit		107	330
Bonds and other fixed-income securities	**3.1.4/3.1.6**	**38,051**	**8,375**
Equities and other variable-income securities	**3.1.4**	**853**	**1,951**
Equity interests and other long-term investments	**3.1.5**	**10,696**	**9,042**
Investments in affiliates	**3.1.5**	**5,961**	**5,265**
Intangible assets	**3.1.7**	**6**	**4**
Property, plant and equipment	**3.1.7**	**60**	**96**
Other assets	**3.1.9**	**714**	**706**
Accruals and other accounts receivable	**3.1.9**	**4,661**	**4,861**
TOTAL ASSETS		**182,124**	**141,795**

Off-balance sheet commitments

In millions of euros	Note	12/31/2008	12/31/2007
Commitments given			
Financing commitments	**3.1.5**	**11,693**	**10,452**
To credit institutions		11,453	10,136
To customers		240	316
Guarantee commitments	**3.1.5**	**40,189**	**45,387**
On behalf of credit institutions		29,253	35,722
On behalf of customers		10,936	9,665
Commitments given on securities		**46**	**7**
Other commitments given		46	7

The notes included on the following pages are an integral part of the parent company financial statements.

Liabilities and equity

In millions of euros	Note	12/31/2008	12/31/2007
Amounts due to credit institutions	**3.1.1/3.1.6**	**98,673**	**60,261**
Demand accounts		10,985	16,907
Term accounts		87,688	43,354
Customer transactions	**3.1.2/3.1.6**	**1,678**	**2,083**
Other accounts		1,678	2,083
Demand accounts		*784*	*1,012*
Term accounts		*894*	*1,071*
Debt securities	**3.1.8/3.1.6**	**52,428**	**51,624**
Interbank and other money market securities		23,670	19,400
Bonds		28,758	32,224
Other liabilities	**3.1.9**	**2,353**	**2,749**
Accruals and other accounts payable	**3.1.9**	**4,715**	**5,280**
Provisions	**3.1.10**	**934**	**385**
Subordinated debt	**3.1.11**	**10,296**	**9,202**
Reserve for general banking risks (RGBR)	**3.1.11**	**0**	**106**
Shareholders' equity (excluding RGBR)	**3.1.11**	**11,047**	**10,105**
Share capital		8,287	6,470
Additional paid-in capital		2,416	233
Reserves		2,097	262
Retained earnings		500	1,550
Net income for the year		(2,253)	1,590
TOTAL LIABILITIES AND EQUITY		**182,124**	**141,795**

Off-balance sheet commitments

In millions of euros	Note	12/31/2008	12/31/2007
Commitments received			
Financing commitments	**3.1.5**	**23,665**	**1,553**
- from credit institutions		23,665	1,553
Guarantee commitments	**3.1.5**	**1,481**	**1,879**
- from credit institutions		1,481	1,879
Commitments received on securities		**160**	**412**
Other commitments received		160	412

6.4.2 Income statements for the years ended December 31, 2008 and December 31, 2007

	In millions of euros	Note	**2008**	2007
+	Interest and similar income	3.3.1	9,400	7,606
-	Interest and similar expense	3.3.1	(9,573)	(7,917)
+	Income from equities and other variable-income securities	3.3.2	836	839
+	Commission and fees (income)	3.3.3	94	130
-	Commission and fees (expense)	3.3.3	(58)	(27)
+/-	Net gain or loss on trading portfolio transactions	3.3.4	(631)	(73)
+/-	Net gain or loss on held-for-sale portfolio transactions and similar items	3.3.5	(137)	102
+	Other operating income	3.3.6	57	78
-	Other operating expense	3.3.6	(11)	(56)
	NET BANKING INCOME		**(23)**	**682**
-	General operating expenses	3.3.7	(204)	(269)
-	Depreciation, amortization and impairment of property, plant and equipment and intangible assets		(11)	(23)
	GROSS OPERATING INCOME		**(238)**	**390**
-	Cost of risk	3.3.8	(386)	(70)
	OPERATING INCOME		**(624)**	**320**
+/-	Net gains on fixed assets	3.3.9	(1,803)	1,226
	ORDINARY INCOME BEFORE TAX		**(2,427)**	**1,546**
+/-	Exceptional items	3.3.10		
-	Income tax	3.3.11	68	44
+/-	Additions to/reversals of RGBR		106	
+/-	**NET INCOME**		**(2,253)**	**1,590**

The notes included on the following pages are an integral part of the parent company financial statements.

6.4.3 Notes to the CNCE's parent company financial statements

Note 1 Legal and financial framework – Significant events in 2008 and subsequent events

The Caisses d'Epargne together form a financial network organized around a central institution, the Caisse Nationale des Caisses d'Epargne (CNCE). Groupe Caisse d'Epargne (GCE) operates through a diversified range of subsidiaries contributing to the proper management and enhanced sales performance of the network of individual Caisses d'Epargne. An additional grouping, the Fédération Nationale des Caisses d'Epargne, was set up pursuant to the law of July 1, 1901 governing not-for-profit associations. This national federation's terms of reference are outlined in Article L. 512-99 of the French Monetary and Financial Code *(Code monétaire et financier)*.

- Caisses d'Epargne

The Caisses d'Epargne are approved cooperative banks governed by ordinary law whose capital is held by local savings companies. The Caisses d'Epargne are joint-stock companies (*sociétés anonymes*) with the status of credit institutions authorized to operate as banks. Their capital is divided into members' shares and cooperative investment certificates (CICs).

- Local savings companies

The regionally based local savings companies are cooperative structures with variable share capital owned by cooperative shareholders. The local savings companies are tasked with coordinating the cooperative shareholder base, in connection with the general objectives defined by the individual Caisses d'Epargne with which they are affiliated. They are not authorized to carry out banking activities.

1.1 Functions of the Caisse Nationale des Caisses d'Epargne (CNCE)

Central institution of Groupe Caisse d'Epargne

The CNCE is the central institution of Groupe Caisse d'Epargne as defined by French banking law, and has the status of a credit institution authorized to operate as a bank. It is a joint-stock corporation (*société anonyme*) with a two-tier management structure (Management Board and Supervisory Board) whose entire capital has been held by the individual Caisses d'Epargne since January 29, 2007.

Specifically, the CNCE represents the interests of its various affiliates in dealings with the supervisory authorities, defines the range of products and services offered by them, organizes depositor protection, approves senior management appointments, and oversees the smooth functioning of the Group's institutions.

Holding company for the subsidiaries of Groupe Caisse d'Epargne

As a holding entity, the CNCE operates as the Group's head company, owning and managing the interests in Group subsidiaries, and setting out its development strategy.

Subsidiaries

The subsidiaries and investments are split into four main divisions, as follows:

- Commercial Banking, comprising retail banking (including Banque Palatine and Crédit Foncier) and regional development banking and overseas territories, and international banking (including Financière Océor);
- Real Estate Services, comprising transaction services such as property sales, development and valuations, and real estate advisory and management services;
- Insurance and personal care services;
- Natixis, controlled jointly by Groupe Caisse d'Epargne and Groupe Banque Populaire, which carries out the activities of the Wholesale Banking & Financial Services division:
  - corporate and investment banking,
  - asset management (Natixis Global Asset Management),
  - private equity and private banking,
  - investor services (including CACEIS), comprising custody, payments, insurance, sureties and financial guarantees, employee benefits planning, and consumer finance services,
  - receivables management (including Coface), comprising credit insurance, factoring, business information and credit management.

Specialized IT subsidiaries

Customer transaction processing is carried out by banking information systems organized around two national economic interest groupings set up to develop and deploy IT application platforms.

In respect of the Group's financial functions, the CNCE is responsible, in particular, for the centralized management of any surplus funds held by the individual Caisses d'Epargne, for carrying out any financial transactions required to develop and refinance the Group, and for choosing the most appropriate counterparty for these transactions in the broader interests of the Group. The CNCE also provides banking services to the Group entities.

Core shareholder of Natixis

Caisse Nationale des Caisses d'Epargne and Banque Fédérale des Banques Populaires are bound by a shareholders' agreement. The two entities undertake to maintain their ownership interests in Natixis in equal proportions for a period of 10 years, renewable for successive periods of five years each. During this period of stable ownership, the two shareholders agree not to conclude any agreement relating to Natixis that would constitute an action in concert with a third party. The shareholders' agreement sets forth the principle of equal representation by the two shareholders within the Supervisory Board of Natixis and provides for a commitment to work together to further the exercise of the voting rights attached to their shares with respect to certain strategic decisions.

1.2 Guarantee system

Pursuant to Article L. 511-31 of the French Monetary and Financial Code, together with those of Article L. 512-96 of the same code, the CNCE, acting as the central institution, has organized a guarantee and solidarity mechanism within Groupe Caisse d'Epargne to ensure the liquidity and solvency of each entity. The scope of this guarantee system includes not only the entities belonging to the Caisses d'Epargne network as provided for by Article L. 512-95 of the French Monetary and Financial Code, but also all the credit institutions subject to French law and affiliated with the CNCE further to the CNCE's decision, in accordance with Articles R. 512-57 and R. 512-58 of the French Monetary and Financial Code. More generally, the guarantee system covers all Group entities by virtue of the principle of responsibility founded upon shareholders' relations.

The terms of the relationship with Natixis – a credit institution under the joint control of Banque Fédérale des Banques Populaires (BFBP, the central institution of the Banques Populaires banking network) and the CNCE – is governed by a provision introduced by Article 42 of Law 2006-1770 of December 30, 2006, which supplements Article L. 511-31 of the French Monetary and Financial Code. This provision allows credit institutions under direct or indirect joint control to be affiliated with more than one central institution.

Under this provision, the central institutions may together draw up an agreement setting out the conditions for exercising their respective control over the affiliated entity, and for discharging their obligations towards it, in particular as regards liquidity and solvency. Further to the approval of the *Comité des établissements de crédit et des entreprises d'investissement* (CECEI, the French financial services authority) on March 30, 2007, the agreement providing for the affiliation of Natixis with both the CNCE and BFBP was signed on April 2, 2007 in the presence of Natixis. This affiliation took effect as of this same date.

In any event, BFBP and the CNCE have undertaken to fulfill, as required by applicable legislation and banking regulations, their respective duties as major shareholders of Natixis, at the request of the *Commission bancaire* (the French Banking Commission). Consequently, BFBP and the CNCE have entered into an irrevocable joint agreement under which, even in the event of a dispute, they agree to act promptly in accordance with the recommendations or injunctions of the French banking commission, and to provide the necessary funds in equal proportions, and if required jointly and severally, to ensure that Natixis complies with the applicable legislation and banking regulations, and honors any commitments made to the banking authorities.

In the event that BFBP or the CNCE needed financial support as a result of assisting Natixis, their internal network mutual guarantee and solidarity mechanisms would be implemented in accordance with Article L. 511-31 of the French Monetary and Financial Code.

The individual Caisses d'Epargne participate in the guarantee system through a *fonds de garantie et de solidarité du réseau* (FGSR, network mutual guarantee and solidarity fund), set up pursuant to Article L. 512-96 of the French Monetary and Financial Code, and carried in the books of the CNCE. As of December 31, 2008, the FGSR had €282 million worth of funds that can be used immediately if the need arises. This amount is invested in a dedicated mutual fund. Should this prove insufficient to prevent the default of a member, the Management Board of the CNCE can obtain the necessary additional resources via a rapid decision-making process ensuring timely action.

1.3 Significant events in 2008

1.3.1 Increase in share capital of the CNCE

Regulatory changes introduced by the Basel II banking reforms have led to changes in the manner in which the Group's Tier-1 capital is calculated. Accordingly, in order to maintain its regulatory capital ratio at a high level, the CNCE performed a number of a capital increases in 2008, for a total of €1.6 billion in ordinary shares and €1.6 billion in preference shares. These capital increases were fully subscribed by the individual Caisses d'Epargne.

1.3.2 Losses related to a market incident

In October 2008, as part of its standard internal control procedures, Groupe Caisse d'Epargne identified trading positions that gave rise to a pre-tax loss of €752 million in the Caisse Nationale des Caisses d'Epargne's equity derivatives business.

These open positions were taken against the backdrop of extreme market volatility and the stock market crash of the week beginning October 6, 2008.

The measures required to close these positions and discontinue this activity, most of which involved over-the-counter transactions, were carried out on October 15-16, 2008 and generated significant losses.

1.3.3 Impacts of the financial crisis

The financial crisis sparked in 2007 by the drop in U.S. real estate prices combined with rising interest rates worsened in 2008.

During the first half of 2008, housing prices in the U.S. fell more steeply, triggering a decline in the financial situation of monoline insurers, which had granted guarantees against securitized real estate assets.

The financial crisis intensified in the second half of the year, which saw a number of extensive economic and financial upheavals: the failures in September of Lehman Brothers and Washington Mutual, the virtual paralysis of the interbank market over the space of several weeks, and the rescues of major banks by way of mergers, bad loan buyouts or government intervention.

During the last quarter of 2008, the banking crisis triggered a credit crunch and the curtailment of loans granted by banking institutions to the "real" economy compounded the impact of a normal, cyclical downturn following the recovery phase of recent years.

This period of extreme financial turbulence prompted governments in most industrialized countries to take massive unprecedented measures to restore confidence and implement plans to stimulate their economies.

At the request of government officials (both U.S. Congress and European leaders at an emergency G8 summit), international accounting regulators (the FASB and the IASB) agreed to examine in detail the issues surrounding fair value accounting, often considered a contributing factor to the financial crisis. This work resulted in further explanations concerning the use of fair value measurement in a crisis environment, and particularly with respect to the methods used to determine fair value in an inactive market. In addition, the IASB harmonized the requirements for the reclassification of financial instruments under IAS 39 with those of U.S. GAAP. With a view to ensuring consistency with IFRS, the *Conseil National de la Comptabilité* amended the texts governing the reclassification of portfolios under French GAAP (*see §3.1.4*).

Finally, in response to the crisis, the Financial Stability Forum's report of April 7, 2008 outlined a series of recommendations aimed at improving the transparency of financial disclosures provided on certain risk exposures. These recommendations are based on the work of the Senior Supervisors Group which identified best reporting practices based on disclosures made by international banks. Details of Groupe Caisse d'Epargne's risk exposures are provided in its risk management report in accordance with these recommendations.

The main impacts of the financial crisis on the Caisse Nationale des Caisses d'Epargne's parent company financial statements are described below.

Portfolio of financial assets

At the end of 2007, the CNCE reversed to its balance sheet the assets from an arbitrage conduit to which it had granted a liquidity line.

These assets include CDOs of U.S. asset-backed securities (gross exposure of €124 million as of December 31, 2008) and CSOs (gross exposure of €326 million as of December 31, 2008). In view of the discounts initially recorded (€71 million and €51 million, respectively) and the impairment losses for the year (€44 million and €217 million), the net residual exposure amounted to €9 million as of December 31, 2008 for CDOs of U.S. asset-backed securities and €58 million for CSOs.

The CNCE also holds a portfolio of bonds for an amount of €1.3 billion, all of which are AAA-rated, issued by securitization vehicles:

- part of the exposure (€506 million) is hedged using credit default swaps (CDS). The CNCE's counterparty risk on the CDSs, which have a positive fair value, is hedged by the margin calls paid to the CNCE;
- the residual exposure (€833 million) is unhedged and was subject to additional impairment of €36 million as of December 31, 2008 (net exposure of €797 million).

In the second half of 2008, the valuation methods used by the CNCE were modified to take into account the difficulty in obtaining reliable prices for all assets considered as "at-risk". A large proportion of non-liquid assets was measured using data provided by the valuation models used by Natixis.

Collapse of Lehman Brothers

The CNCE had derivative and securities transactions with this counterparty. The termination of derivative transactions has no material impact on profit or loss due to the margin calls.

1.3.4 Equity interest in CIFG

On November 22, 2007, the Caisse Nationale des Caisses d'Epargne (CNCE) and Banque Fédérale des Banques Populaires (BFBP) agreed to acquire the entire share capital of CIFG, a financial guaranty insurance group and wholly owned subsidiary of Natixis, and to provide it with the resources necessary to maintain, as of this date, its AAA credit rating.

Since that date, and in view of developments in the markets and in the financial position of the CIFG joint venture:

- any further financial support from the CNCE and BFBP, over and above that already given, has been ruled out;

- a new management team has been appointed at CIFG notably to lead negotiations with the entity's main creditors;
- a commutation process with the company's creditors, under the control of supervisory authorities, was launched in the first quarter of 2008.

This commutation process resulted in the cancellation of guarantees granted to counterparties (representing 98% of some categories of derivatives) in consideration for a cash payment and an ownership interest in CIFG in the form of shares.

Under this agreement, the counterparties (including Natixis) now hold approximately 90% of CIFG's share capital, with the CNCE and BFBP together holding the remaining 10%.

1.3.5 Combination of the central institutions Banque Fédérale des Banques Populaires and Caisse Nationale des Caisses d'Epargne

On October 8, 2008, Groupe Banque Populaire and Groupe Caisse d'Epargne officially announced their plans to combine their two central institutions, Banque Fédérale des Banques Populaires (BFBP) and the Caisse Nationale des Caisses d'Epargne (CNCE), to form a single central institution shared by the two independent networks, which would result in the creation of the second largest French banking group.

On November 12, 2008, an agreement for the opening of negotiations was concluded between Banque Fédérale des Banques Populaires and the Caisse Nationale des Caisses d'Epargne. This agreement lays down the framework for the work to be undertaken and for the discussions to be pursued by BFBP and the CNCE with a view to reaching a definitive agreement upon the terms of their merger, which is to take effect in the first half of 2009.

Among the planned features of this merger, the framework agreement stipulates that the governance of the company resulting from this merger, which will take the form of a joint-stock corporation (*société anonyme*) with a Management Board and a Supervisory Board, will be based on principles of balance and equality between the two networks.

1.3.6 Impairment tests on principal investments in subsidiaries and affiliates

Equity interests and investments in affiliates are valued at the lower of acquisition cost or value in use as of the balance sheet date.

The value in use of the Natixis shares is measured on the basis of a discounted dividend method (DDM) and based on the latest available consolidated business plans of Natixis' business divisions, as approved by the management of Natixis.

The following assumptions were used:

- estimated future cash flows: forecasts drawn from the Group's medium-term plan [(1)], within a period of three to five years depending on the business line;
- perpetual growth rate: 2.5%;
- discount rate: 13% for Corporate and Investment Banking and 9.5% on the other Cash-Generating Units (CGUs);
- an additional discount was applied to take into account the specific risks relating to Corporate and Investment Banking activity.

The discount rate is the sum of three items: risk-free rate (French 10-year government bonds), risk premium, and industry beta reflecting the business areas of each entity whose investments are tested for impairment.

The tests revealed an impairment loss of €1,878 million as of December 31, 2008 on the Natixis shares held by the CNCE.

The value in use of the Nexity shares held by the CNCE was measured using the discounted cash flow (DCF) method, applying a weighted average cost of capital of 7.4% and a long-term growth rate of 2.5% to the latest available forecasts, drawn up by the management of Nexity. An impairment of €49 million was recognized after this test.

Lastly, an impairment of €31 million was recognized for Oterom Holding shares (Meilleurtaux.com) as of December 31, 2008.

The other impairment tests carried out by the CNCE on the equity interests and investments in affiliates did not reveal any losses to be written off.

1.4 Subsequent events

The acquisition in early 2009 of the 23.4% ownership interest in Crédit Foncier (valued at €539.6 million) held by Nexity will have no material impact on the financial statements for the year ending December 31, 2009.

Article 91 of the amended French Finance Act for 2008 extends the tax consolidation regime to networks of mutual banks. This legislation is modeled on the tax consolidation for mutual insurers and takes into account consolidation criteria not based on shareholding (the scheme is usually available if 95% of the share capital of a subsidiary is owned by a parent company).

During the 2009 fiscal year, Groupe Caisse d'Epargne will therefore set up a tax consolidation group, which will consist of:

- Caisse Nationale des Caisses d'Epargne, the central institution, which will become the parent company within the tax consolidation group;
- the individual Caisses d'Epargne;
- all subsidiaries in which the CNCE and the individual Caisses d'Epargne hold more than 95% of the share capital.

(1) For life insurance, the forecast period is 10 years.

Note 2 Accounting policies

2.1 Measurement and presentation methods

The financial statements of the CNCE are prepared and presented in accordance with the regulations of the *Comité de la réglementation comptable* (CRC, the French accounting standard setter) and the *Comité de la réglementation bancaire et financière* (CRBF, the French banking regulations committee). In application of CRBF Regulation 91-01, amended by CRC Regulation 2000-03, summary financial statements are presented in the format required for credit institutions.

The financial statements for the year ended December 31, 2008 are presented in an identical format to that used for the 2007 financial statements. Generally accepted accounting principles have been applied on a prudent basis and in accordance with the following underlying assumptions:

- going concern;
- consistency;
- accruals;

as well as with other rules applicable to the preparation and presentation of financial statements.

Unless otherwise stated, items disclosed in the accounts are measured at historical cost. All balance sheet items are presented net of depreciation, amortization and impairment, where applicable.

The main methods used are discussed below.

2.1.1 Loans and advances to credit institutions

Loans and advances to credit institutions comprise all loans and advances arising out of banking transactions with credit institutions, with the exception of debt securities. They include assets purchased under resale agreements and receivables corresponding to securities sold under repurchase agreements. They are broken down between demand loans and advances, and term loans and time deposits.

Loans and advances to credit institutions are stated at their nominal value, plus accrued interest and net of any impairment charges recognized for credit risk.

2.1.2 Customer transactions

Amounts due from customers include loans to entities other than credit institutions, with the exception of debt securities issued by customers, assets purchased under resale agreements, and receivables corresponding to securities sold under repurchase agreements. They are broken down between commercial loans, customer accounts in debit and other loans.

Customer loans are stated at their nominal value, plus accrued interest and net of any impairment charges recognized for credit risk.

Guarantees received are recorded in the accounts and are presented under Note 3.2.3. They are revalued on a regular basis. The total carrying amount of all guarantees received for a single loan is limited to the outstanding amount of this loan.

Doubtful loans and receivables consist of all outstanding amounts, whether or not due or guaranteed, where at least one commitment made by the debtor has involved incurred credit risk, classified as such on an individual basis. A risk is considered incurred when it is probable that the Group will not collect all or part of the sums due under the terms of the commitments made by the counterparty, notwithstanding any guarantees or collateral.

Within the non-performing category, loans and receivables considered as irrecoverable are those for which full or partial recovery is deemed to be highly unlikely and which may thus have to be written off. Loans and receivables whose terms have lapsed, terminated finance lease agreements, perpetual loans which have been rescinded, and loans and receivables that have been non-performing for more than one year, are considered as irrecoverable unless evidence can be provided to the contrary.

Non-performing loans and receivables are written off as losses and the corresponding impairment allowances are reversed.

Doubtful loans and receivables are reclassified as performing once the debtor resumes regular payments in accordance with the original repayment schedule, provided that the counterparty is no longer considered to be at risk of default.

Loans and receivables that are restructured under non-market conditions, due to the financial position of the debtor, are classified within a special sub-category until their final maturity. A discount is taken on restructured loans to reflect the difference between the present value of the contractual cash flows at inception and the present value of expected principal and interest repayments after restructuring. The discount rate used is the original effective interest rate for fixed-rate loans, or the most recent effective rate prior to the restructuring date for variable-rate loans. This discount is expensed to "Cost of risk" in the income statement and offset against the corresponding outstanding in the balance sheet. It is written back to net interest income in the income statement over the life of the loan.

Impairment for probable losses includes all impairment charges, calculated on the basis of the present value, i.e. the difference between the capital remaining due and the forecast cash flows. Risk is evaluated on an individual basis taking into account the present value of guarantees received.

A statistical method is used to estimate minor loans with similar characteristics if more appropriate.

When credit risk relates to financing or guarantee commitments recorded as off-balance sheet items, the risk is taken into account as a provision.

Interest on doubtful loans and receivables is recognized under operating income. When the loan or receivable is classified as irrecoverable, uncollected accrued interest is no longer recognized.

When the credit risk is not identified on an individual basis, but on the basis of a portfolio of loans with similar risk characteristics, it is recorded in the form of a provision.

For the presentation of the accounts in the Notes, the categorization of loans and receivables adopted is that used within Groupe Caisse d'Epargne to satisfy its internal management requirements, notably with respect to its commercial banking, financial services and risk management activities.

2.1.3 Securities

"Securities" covers interbank market securities, treasury bills and negotiable certificates of deposit, bonds and other fixed-income instruments, equities and other variable-income instruments.

The accounting policies for securities transactions are derived from two principal texts:

- CRC Regulation 2005-01, amending CRB Regulation 90-01 of February 23, 1990, the fundamental text for the recognition of securities transactions, supplemented by Instruction 94-07 of the French banking commission, which defines the general accounting and measurement rules for securities;
- CRBF Regulation 89-07, completed by Instruction n°94-06 of the French banking commission, which deals with the rules concerning special transfer transactions such as temporary divestment of securities.

Securities are classified into the following categories: equity interests and investments in affiliates, other long-term investments, debt securities held to maturity, equity securities available for sale in the medium term, securities available for sale, and trading securities.

With respect to trading securities, securities available for sale, and debt securities held to maturity as well as equity securities available for sale in the medium term, provisions for counterparties with known default risks whose impact can be separately identified are recognized in the form of impairment charges recorded under cost of risk.

- **Trading securities**

  These are securities acquired or sold with the intention to resell or repurchase them after a short holding period. In order to be eligible for this category, the securities must be negotiable on an active market as of the date of their initial recognition and their market prices must be accessible, representing actual transactions regularly occurring in the market under normal trading conditions. They may be either fixed- or variable-income instruments.

Trading securities are recorded in the accounts at cost on their acquisition date, less transaction costs and including accrued interest, where applicable. In the event of a short sale, the debt is recorded under liabilities in the amount of the selling price of the securities, less transaction costs.

They are marked to market as of the balance sheet date based on the market price on the most recent trading day. The overall balance of differences resulting from fluctuations in prices is taken to the income statement. For mutual funds and investment funds, market value corresponds to net asset values reflecting available market information as of the balance sheet date.

In the absence of a quoted price on an active market, fair value may be determined using appropriate valuation techniques that are generally accepted by the financial markets and that make use of observable market inputs rather than data specific to the entity.

Finally, if the extent of observable market data is not adequate to make the determination, fair value may be determined using a valuation methodology relying on internal models. Internal models used in this manner must be calibrated from time to time by matching their results to recent transaction prices.

A market for an instrument is regarded as active if quoted prices are readily and regularly available from an exchange, broker, dealer, pricing service or regulatory authority, and provided those prices represent actual and recurring market transactions conducted at arm's length.

The absence of an active market and observable parameters may be documented on the basis of the following criteria:

- significant drop in the volume of transactions and the level of market activity;
- considerable difficulties in obtaining quoted prices;
- limited number of contributors or no contribution by leading market players;
- widely varying prices available at the same time from different market participants;
- prices not at all representative of the intrinsic value of the asset and/or large disparities between the bid and ask prices (broad price range).

These criteria must be tailored to the characteristics of the assets in question and may be supplemented by any other evidence supporting the contention that the asset is not longer quoted in an active market. In the absence of recent transactions, this demonstration requires, in any event, that the entity apply judgment in determining whether a market is not active.

Securities classified as trading securities cannot be transferred to another accounting category (except in exceptional market situations requiring a change of strategy or in in the absence of an active market for fixed-income securities), and the rules for their presentation and measurement continue to apply until they are sold, redeemed in full or written off.

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- **Securities available for sale**

Securities that do not qualify for recognition in any other category are considered as securities available for sale.

Securities available for sale are recorded in the accounts at cost on their acquisition date, less transaction costs. Where applicable, for fixed-income securities, accrued interest is recognized in the income statement under "Interest and similar income".

Any difference between the acquisition price and the redemption value (premium or discount) for fixed-income instruments is recorded in the income statement over the remaining term of the security using the actuarial method.

Securities available for sale are valued at the lower of cost or market price. For mutual funds and investment funds, market value corresponds to net asset values reflecting available market information as of the balance sheet date. In the absence of a quoted price on an active market, market value will be determined using the same method as that used for trading securities. Impairment is recognized for any unrealized capital losses, which may be measured on the basis of portfolios of similar securities, without offsetting against capital gains recognized for the other categories of securities.

Gains generated by hedging instruments if any, as defined by Article 4 of CRB Regulation 88-02, are taken into account for the calculation of impairment. Unrealized capital gains are not recognized.

Gains and losses on disposals of available-for-sale securities, as well as impairment charges and reversals are recorded under "Net gains or losses on held-to-maturity portfolio transactions and similar items".

- **Debt securities held to maturity**

These include fixed-income securities with fixed maturity that were acquired or have been reclassified from "Securities available for sale" and for which the Group has the positive intent and ability to hold to maturity. The securities should not be subject to an existing restriction, legal or otherwise, which may have an adverse effect on the company's intention to hold the securities to maturity. Classification as securities available for sale is not incompatible with their description as items hedged against interest rate risk.

Debt securities held to maturity are recorded in the accounts at cost as of their acquisition date, excluding transaction costs. When previously classified as available for sale, they are recorded at cost and the previously recognized impairment charges are reversed over the residual life of the relevant securities.

The difference between the acquisition cost and the redemption value of the securities, and the corresponding interest are recorded according to the same rules as those applicable to the fixed-income securities available for sale.

An impairment loss may be recognized if there is a strong probability that the institution will not hold the securities to maturity due to new circumstances. Unrealized capital gains are not recognized.

Debt securities held to maturity cannot, unless exceptionally, be sold or transferred into another category of securities. However, trading securities or fixed-income securities available for sale, reclassified into the category of debt securities held to maturity pursuant to the provisions of CRC Regulation 2008-17 are not subject to the domino effect in the event of a subsequent disposal, when the market on which they are traded becomes active again.

- **Reclassification of financial assets**

For purposes of harmonization and consistency with the IFRS, the *Conseil national de la comptabilité* (CNC, the French national accounting board) published Regulation 2008-17 dated December 10, 2008 amending CRBF Regulation 90-01 on the recognition of transactions in securities. This regulation repeats the provisions of opinion 2008-19 of December 8, 2008 concerning transfers of securities from the "trading securities" and the "securities available for sale" categories.

Pursuant to these provisions trading securities may be reclassified as debt securities held to maturity or securities available for sale provided one of two conditions below is met:

a) exceptional market conditions exist requiring a change of strategy;

b) fixed-income securities can no longer, following their acquisition, be traded on an active market, and if the institution has the intention and ability to hold them for the foreseeable future or to maturity.

The effective date for transfers from the above mentioned categories of "trading securities" and "securities available for sale" cannot be earlier than July 1, 2008 and must be the same as the date of the consolidated balance sheet date.

The impact of the reclassification is analyzed in Note 3.1.4.

- **Equity securities available for sale in the medium term**

Equity securities available for sale in the medium term comprise securities invested on a regular basis with the sole objective of obtaining capital gains in the medium term without the intent of long-term investment to develop the business activities of the issuing company, or to actively participate in its operational management. In theory, these are always variable-income securities. This activity has to be significant and continuous, carried out in a structured framework, and must generate regular returns derived primarily from capital gains on disposals.

Equity securities available for sale in the medium term are recognized at cost on their acquisition date, excluding transaction costs.

At the end of the period, they are included in the balance sheet at the lower of cost or value in use. The calculation of value in use is based on the issuer's general development outlook and the residual holding period. For listed securities, the value in use is calculated as the higher of the average market price over the previous two years and the market value on the balance sheet date. For unlisted securities, the price of recent transactions may be taken into consideration.

An impairment charge is recognized for any unrealized capital losses. Unrealized capital gains are not recognized.

Securities recorded under equity securities available for sale in the medium term cannot be transferred to any other accounting category.

- **Equity interests and investments in affiliates**

Securities falling within this category are securities whose long-term holding is deemed useful for the activity of the company, in particular by permitting the exercise of significant influence or control on the governance bodies of the issuing companies.

Equity interests and investments in affiliates are recorded at cost on their acquisition date, less transaction costs.

They are individually valued at the balance sheet date at the lower of cost or value in use. Value in use is determined, in particular, on the basis of criteria such as the strategic nature of the investment, the intention to provide assistance or retain the investment, share price performance, net assets or revalued net assets and forecasts. Impairment is recognized for any unrealized capital losses, calculated for each line of securities, and is not offset with unrealized capital gains. Unrealized capital gains are not recognized.

Securities recorded under equity interests and investments in affiliates cannot be transferred to any other accounting category.

- **Other long-term investments**

Other long-term investments are securities acquired with the intention of promoting the development of lasting business relationships, by creating special ties with the issuer, without taking an active part in its management due to the small percentage of voting rights that the investment represents.

Other long-term investments are recorded at cost on their acquisition date, less transaction costs.

They are included in the balance sheet at the lower of cost or value in use. Value in use is determined for listed and non-listed securities on the basis of the amount the company would agree to pay to obtain the securities, given its investment objective, if it were to acquire them. Impairment is recognized for any unrealized capital losses. Unrealized capital gains are not recognized.

Securities classified as other long-term investments may not be transferred to any other accounting category.

2.1.4 Intangible assets

Intangible assets are recorded at cost (purchase price including accessory costs).

These assets are amortized over their estimated useful lives. In particular, software is amortized over a maximum period of five years.

Any additional amortization that may be applied to software using the accelerated method permitted for tax purposes is recorded under accelerated amortization.

2.1.5 Buildings

Since January 1, 2005, Group entities have applied the new rules introduced by:

- CRC Regulation 2002-10 relating to the amortization and depreciation of assets;
- CRC Regulation 2004-06, which implements CNC Notice 2004-15 relating to the definition, recognition and measurement of assets.

As buildings and improvements are assets consisting of several components with different uses at the outset, each component is recognized separately at cost and is depreciated accordingly.

The depreciable amount is the gross value less the residual value where the latter is material, lasting and can be measured reliably. The main components of buildings and improvements are depreciated or amortized in order to reflect the pattern in which the asset's future economic benefits are expected to be consumed by the entity, which generally corresponds to the asset's useful life:

Category	Period
Walls, foundations, frames and fixed partitions	25 to 50 years
Roofing	15 years
Elevators	15 years
Heating and air-conditioning equipment	15 years
Signage	25 years
Openings (doors and windows)	20 years
Fencing	10 years
Security equipment	5 years
Cabling	15 years
Other fixtures and fittings	10 years

Where applicable, buildings may be subject to impairment.

2.1.6 Other property, plant and equipment

Other property, plant and equipment is recorded at cost (purchase price including accessory costs), production cost or revalued cost. The cost of assets denominated in foreign currencies is translated into euros at the exchange rate prevailing on the transaction date.

These assets are depreciated or amortized in order to reflect the pattern in which the asset's future economic benefits are expected to be consumed by the entity, which generally corresponds to the asset's useful life:

- furniture and special equipment: 4 to 10 years;
- computer equipment: 3 to 5 years.

Where applicable, other property and equipment may be subject to impairment.

2.1.7 Amounts due to credit institutions and customers

Amounts due to credit institutions are classified into demand deposits and current accounts or time deposits and borrowings. Amounts due to customers are classified into regulated savings accounts and other customer deposits. Depending on the counterparty involved, these items include securities and other assets sold under repurchase agreements. Accrued interest is recorded under related payables.

2.1.8 Repurchase agreements

Collateralized repurchase agreements are recognized in accordance with CRBF Regulation 89-07, supplemented by Instruction 94-06 issued by the French Banking Commission.

The collateralized assets continue to appear in the balance sheet of the transferor, who records the amount collected under liabilities, representing its debt vis-à-vis the transferee. The transferee records the amount paid under assets, representing the amount due to the transferor. At each balance sheet date, the collateralized assets, as well as the debt vis-à-vis the transferee or the amount due to the transferor, are valued according to the rules appropriate to each of these transactions.

2.1.9 Debt securities

Debt securities are classified based on the nature of the underlying. Accrued interest on these instruments is disclosed separately as a related payable, as a balancing entry to the income statement entry.

2.1.10 Employee benefit obligations

Employee benefit obligations are recognized in application of CNC Recommendation 2003-R-01. They are classified into four categories:

- **Short-term employee benefits**

  Short-term employee benefits mainly include wages, salaries, paid annual leave, incentive plans, profit-sharing and bonuses payable within 12 months of the end of the period in which the employee renders the service. They are recognized as an expense for the period, including amounts remaining due as of the balance sheet date.

- **Long-term employee benefits**

  Long-term employee benefits are generally linked to long-service awards accruing to current employees and payable 12 months or more after the end of the fiscal year in which the employee renders the related service. Long-term employee benefits consist mainly of jubilee bonuses.

  A provision is set aside for the value of these obligations as of the balance sheet date which is assessed using the same actuarial method as that applied to post-employment benefits.

- **Termination benefits**

  Termination benefits are granted to employees on termination of their contract before the normal retirement date, either as a result of a decision by the Group to terminate a contract or a decision by an employee to accept voluntary redundancy. A provision is set aside for termination benefits. Termination benefits payable more than 12 months after the balance sheet date are discounted.

- **Post-employment benefits**

  Post-employment benefits include lump-sum retirement bonuses, pensions and other post-employment benefits. They fall into two categories: defined-contribution plans, which do not give rise to an obligation for the Group, and defined-benefit plans, which give rise to an obligation for the Group and are therefore measured and recognized by means of a provision.

The Group records a provision for employee benefit obligations that are not funded by contributions charged to income and paid out to pension funds or insurance companies.

Post-employment benefit obligations are valued using an actuarial method that takes account of demographic and financial assumptions such as age, length of service, the likelihood of the employee being employed by the Group at retirement and the discount rate. It also takes into consideration the value of plan assets and unrecognized actuarial gains and losses, and allocates costs over the working life of each employee (projected unit credit method). The measurement of these obligations takes into consideration the value of plan assets as well as unrecognized actuarial gains and losses.

Actuarial gains and losses in respect of post-employment benefits, arising as a result of changes in actuarial assumptions (early retirement, discount rate, etc.) or experience adjustments (return on plan assets, etc.) are recognized for the portion that exceeds the greater of 10% of the present value of the defined benefit obligation and 10% of the fair value of any plan assets (corridor method).

The annual expense recognized in respect of defined-benefit plans includes the current service cost, interest cost (the effect of discounting the obligation), the expected return on plan assets and the amortization of any unrecognized items.

2.1.11 Reserve for general banking risks

This reserve is intended to cover risks inherent in the CNCE's banking activities, in accordance with the provisions of Article 3 of CRBF Regulation 90-02 and Instruction 86-05, as amended, issued by the French Banking Commission.

2.1.12 Forward financial instruments

Trading and hedging transactions in interest rate, currency or equity futures are recognized in accordance with the provisions of CRBF Regulations 88-02 and 90-15. Commitments on these instruments are recorded as off-balance sheet items at the notional value of the contracts. As of the balance sheet date, the amount recognized for these commitments represents the volume of unwound forward transactions at the balance sheet date.

The accounting policies applied vary depending on the type of instrument and the original purpose of the transaction.

These transactions mainly involve the execution of forward interest rate swaps concluded as hedges. Income and expense on forward financial instruments used to hedge or manage the CNCE's overall interest rate risk are taken to the income statement over the life of the instrument. Unrealized gains and losses are not recognized. Gains or losses realized on specific hedging transactions are recognized in the income statement symmetrically and on the same line as income or expense for the hedged item.

Gains or losses on certain contracts representing isolated open positions are taken to income either when the contracts are settled or over the life of the contract, depending on the type of instrument. Unrealized mark-to-market losses are provided for at year-end. Market value is determined based on the type of market involved (organized, other markets considered as organized, or over the counter). Instruments traded on organized markets are continuously quoted and liquid enough to justify being marked to market.

Over-the-counter markets may be treated as organized markets when market makers ensure continuous quotations with spreads that reflect market practice or when the underlying financial instrument is itself quoted on an organized market. For interest rate or currency swaps, market value is determined based on the price calculated by discounting future cash flows at market rates of interest and in consideration of counterparty risks and the discounted value of future management expenses. Changes in the value of non-listed options are determined by means of a mathematical calculation.

2.1.13 Provisions

This item includes provisions set up to cover contingencies and losses that are clearly identifiable but of uncertain timing or amount, and that do not arise from banking transactions as defined under Article L. 311-1 of the French Monetary and Financial Code or from related transactions defined under Article L. 311-2 of the code. In accordance with CRC Regulation 2000-06, such provisions may only be recognized if the CNCE has an obligation to a third party at the balance sheet date and no equivalent consideration is expected in return.

Provisions are also set up to cover contingencies and losses arising from banking transactions as defined under Article L. 311-1 of the French Monetary and Financial Code and from related transactions as defined under Article L. 311-2 of the code, which are considered likely as a result of events that have occurred or are in progress and which are clearly identifiable but uncertain as to their occurrence.

In particular, this item includes a provision for the Group's potential employee liabilities and a provision for counterparty risk.

2.2 Changes in accounting policies

With the exception of the portfolio reclassifications described in Note 3.1.4, there were no changes to the accounting policies used to prepare the parent company financial statements for the year ended 2008.

Note 3 Information on balance sheet, off-balance sheet and income statement items

3.1 Balance sheet

Unless otherwise indicated, balance sheet items are presented net of depreciation, amortization, impairment and provisions.

3.1.1 Interbank transactions

Assets

In millions of euros	12/31/2008	12/31/2007
Demand accounts	**6,591**	**14,703**
Current accounts	3,299	11,434
Overnight loans	3,244	2,918
Accrued interest	16	28
Unallocated items	32	323
Doubtful loans and receivables	66	0
Impairment of non-performing loans and receivables	(66)	0
Term accounts	**100,704**	**87,969**
Term loans	93,095	83,694
Subordinated loans	3,801	2,843
Accrued interest receivable on term loans	903	836
Securities received under repurchase agreements	2,879	595
Accrued interest receivable on securities received under repurchase agreements	26	1
TOTAL	**107,295**	**102,672**

Liabilities

In millions of euros	12/31/2008	12/31/2007
Demand accounts	**10,985**	**16,907**
Current accounts	9,387	14,492
Overnight deposits	1,465	1,598
Accrued interest	22	31
Other amounts due	111	786
Term accounts	**87,688**	**43,354**
Term loans	86,286	42,545
Accrued interest payable on term loans	822	655
Securities given under repurchase agreements	576	151
Accrued interest payable on securities given under repurchase agreements	4	3
TOTAL	**98,673**	**60,261**

3.1.2 Customer transactions

Assets

In millions of euros	12/31/2008	12/31/2007
Current accounts in debit	**107**	**330**
Other customer loans	**1,923**	**1,630**
Short-term credit facilities	107	**87**
Equipment loans	1,502	1,433
Subordinated loans	60	60
Overnight loans	177	0
Other items	27	23
Accrued interest	31	27
Doubtful loans and receivables	80	1
Impairment of doubtful loans and receivables	(61)	(1)
TOTAL	**2,030**	**1,960**

Liabilities

In millions of euros	12/31/2008	12/31/2007
Other accounts	**1,678**	**2,083**
Current accounts in credit	782	1,010
Other items	893	1,065
Accrued interest	3	8
TOTAL	**1,678**	**2,083**

3.1.3 Breakdown of outstanding loans

Performing and doubtful loans at December 31, 2008

		Doubtful loans and receivables	O/w non-performing loans and receivables	
In millions of euros	Performing loans and receivables	Gross	Gross	Impairment
Loans and advances due from credit institutions [1]	**107,229**	**66**	**66**	**(66)**
Loans and receivables due from customers [2]	**1,950**	**80**	**80**	**(61)**
Individuals	0			
Corporates	1,431	6	6	(6)
Professionals	150	74	74	(55)
Local authorities and institutions	306			
Others	63			

(1) Doubtful loans and receivables due from credit institutions comprise a receivable due from Lehman Brothers of €66 million fully impaired.
(2) Doubtful loans and receivables due from customers mainly comprise a receivable due from CIFG of €74 million covered by a €55 million impairment.

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3.1.4 Treasury bills, bonds, equities and other fixed- and variable-income instruments

In millions of euros	Trading	Available-for-sale	Investment	Portfolio transactions	Accrued interest	**Total as of 12/31/2008**	Total as of 12/31/2007
Treasury bills and similar securities							6
Bonds and other fixed-income securities [1]	1,898	34,144	1,858		151	38,051	8,375
Equities and other variable-income securities [2]		853				853	1,951
TOTAL AS OF DEC. 31, 2008	**1,898**	**34,997**	**1,858**	**0**	**151**	**38,904**	**-**
Total as of Dec. 31, 2007	3,517	6,766	0	0	49	-	10,332

(1) Of which listed securities amounting to €293 million in 2008 compared to €4,805 million in 2007.
(2) Of which listed securities amounting to €326 million in 2008 compared to €1,227 million in 2007.

The difference between the cost and the redemption price as of December 31, 2008 amounted to €102 million for available-for-sale securities (versus €180 million as of December 31, 2007) and €95 million for debt securities held to maturity.

At December 31, 2008, borrowed securities included in the available-for-sale category totaled €1,789 million versus €1,012 million as of December 31, 2007.

Units in mutual funds classified as available for sale amounted to €718 million as of December 31, 2008, of which €272 million corresponded to foreign mutual funds.

During the last two fiscal years, securities were reclassified as indicated below:

In millions of euros		Amount transferred during the year [3]	
Original portfolio	Target portfolio	**2008**	2007
Available-for-sale securities	Investment securities	1,312	
Available-for-sale securities	Other long-term investments [1]	1,039	
Trading securities	Held-to-maturity securities	745	
Trading securities	Available-for-sale securities	523	
Trading securities	Other long-term investments	17	
Equity interests	Available-for-sale securities [2]	0	
TOTAL		**3,636**	**0**

(1) In particular, these transfers involved €954 million in perpetual deeply subordinated notes reclassified as of January 1, 2008, due to a change in management strategy with no material impact on income for the period.

(2) As a result of the signing of the CIFG commutation agreement, these reclassifications include the transfer of the related equity interests, fully impaired, to the available-for-sale category.

(3) Transfers also include the portfolio reclassifications carried out as of July 1, 2008, pursuant to amendments to CRBF Regulation 90-01 relating to the recognition of securities transactions, adopted as a result of the publication of CRC Regulation 2008-17 of December 10, 2008.

The CNCE decided to change its management strategy for the securities impacted by the lack of liquidity in financial markets. It now intends to hold them at least until the markets concerned become liquid again. They are analyzed in the table below:

In millions of euros Type of reclassification	Fair value of reclassified instruments as of July 1, 2008	Unrealized capital gains or losses that would have been recognized in the absence of reclassification	Unrealized capital losses that would have been provided for in the absence of reclassification	Net carrying amount of reclassified instruments since July 1, 2008
Available-for-sale securities to debt securities held to maturity	1,312		(197)	(335)
Available-for-sale securities to other long-term investments	85		(4)	
Trading securities to debt securities held to maturity	745	(173)		(42)
Trading securities to available-for-sale securities	523	1		(29)
Trading securities to other long-term investments	17	(7)		(4)
TOTAL	**2,682**	**(179)**	**(201)**	**(410)**

As of December 31, 2008, a total of €9 million had been reversed from impairment losses recognized for available-for-sale securities transferred to another accounting category.

Unrealized capital gains and losses on available-for-sale securities break down as follows:

In millions of euros	**12/31/2008**	12/31/2007
Carrying amount	34,997	6,868
Fair value	35,054	7,095
Unrealized capital gains	*57*	*227*
Impairment charge for unrealized capital losses	*(703)*	*(103)*

Total losses on debt securities held to maturity for which impairment had been recognized amounted to €230 million at December 31, 2008.

3.1.5 Equity interests, affiliates and other long-term investments

Summary of subsidiaries and affiliates

In millions of euros	Share capital as of 12/31/2007	Shareholders' equity other than share capital as of 12/31/2007	% interest held as of 12/31/2008	Carrying amount of shares held – Gross	Carrying amount of shares held – Net	Loans and advances granted by the company and not yet redeemed (incl. perpetual subordinated notes)	Guarantees and endorsements given by the parent company	Net revenue for the year ended 12/31/2007 (before tax)	Net income for the year ended 12/31/2007	Dividends received by the company during the last fiscal year
I. Detailed information concerning the individual Caisses d'Epargne, subsidiaries and affiliates whose gross value exceeds 1% of the parent company's capital										
1. Subsidiaries (over 50%-held)										
Holassure 5, rue Masseran - 75007 Paris	935	249	100.00%	1,051	1,051	0	0	58	56	202
Crédit Foncier de France 19, rue des Capucines F-75001 Paris	638	798	76.60%	1,257	1,257	3,659	795	686	231	150
Financière Océor 27, rue de la Tombe-Issoire F-75014 Paris	375	247	94.99%	759	693	5,073	1	46	2	3
Banque Palatine 52, avenue Hoche F-75008 Paris	413	108	91.67%	1,017	1,017	2,236	296	195	50	80
GCE Domaines (formerly Foncier Vignobles) SAS 50, avenue Pierre-Mendès-France F-75013 Paris	53	2	100.00%	99	99	0	0	1	0	0
2. Affiliates (between 10%- and 50%-held)										
GCE Assurances SA 10, place Catalogne F-75014 Paris	62	78	46.38%	134	134	40	0	25	16	0
Nexity SA - 1, terrasse Bellini TSA 48200 - F-92219 La Défense	263	2,234	39.52%	1,414	1,365	0	0	53	94	42
Banca Carige SpA 15, via Cassa di Risparmio I-16123 Genoa ITALY	1,390	1,438	13.52%	529	529	0	0	968 (1)	205	18
Natixis SA 30, avenue Pierre-Mendès-France F-75013 Paris	1,955	14,860	35.62%	9,749	7,871	12,887	2,766	1,999	(467)	189
II. General information about other subsidiaries and affiliates										
1. Subsidiaries not included in 1.1										
a. French subsidiaries				503	415	10	112			21
b. Other subsidiaries				0	0					0
2. Affiliates not included in 1.2										
a. French companies				233	194	1,053	29			48
b. Other companies				18	13	60	0			0
Of which investments in listed companies				11,743	9,806					

(1) Determined according to local GAAP, of which investments in listed companies.

Entities for which the CNCE has unlimited liability

Company name	Headquarters	Legal status
GCE Technologie	11, rue du Fort de Noyelles - F-59113 Seclin	GIE (1)
Participations Ecureuil	5, rue Masseran - F-75007 Paris	SNC (2)
GCE Achats	12/20, rue F. Braudel - F-75013 Paris	GIE (1)
DISTRIBUTION	50, avenue Pierre Mendès-France - F-75201 Paris Cedex 13	GIE (1)
ECOLOCALE	50, avenue Pierre Mendès-France - F-75201 Paris Cedex 13	GIE (1)
ANTICIPA	4, place R. Dautry - F-75015 Paris	GIE (1)
CE Garanties Entreprises	5, rue Masseran - F-75007 Paris	GIE (1)
Ecureuil Crédit	27/29, rue de la Tombe-Issoire - F-75014 Paris	GIE (1)
GCE Business Services	50, avenue Pierre Mendès-France - F-75201 Paris Cedex 13	GIE (1)
Informatique CDC	56, rue de Lille - F-75007 Paris	GIE (1)
SIRCE 2	5, rue Masseran - F-75007 Paris	GIE (1)
DE LA VISION	6, place Abel-Gance - F-92100 Boulogne-Billancourt	SCI (3)
HAUTE CLAIRE	5, rue Masseran - F-75007 Paris	SNC (2)
CSF-GCE	50, avenue Pierre Mendès-France - F-75201 Paris Cedex 13	GIE (1)
GCE Ile de Bréhat	9, quai du Président Paul Doumer - F-92920 Paris La Défense	GIE (1)
MAEA	260, boulevard St-Germain - F-75007 Paris	GIE (1)
MUSICA BAIL	9, quai du Président Paul Doumer - F-92920 Paris La Défense	GIE (1)
OPÉRA 5 BAIL	9, quai du Président Paul Doumer - F-92920 Paris La Défense	GIE (1)
PORT MATHURIN AVIATION BAIL	260, boulevard St-Germain - F-75007 Paris	GIE (1)
VICTOIRE	260, boulevard St-Germain - F-75007 Paris	GIE (1)
GCE MOBILIZ	50, avenue Pierre Mendès-France - F-75013 Paris	GIE (1)
Partenariat CEMM	33, avenue du Maine, Tour Montparnasse - 34th floor - F- 75015 Paris	GIE (1)
HOLDCO	26, rue Neuve Tolbiac - F-75013 Paris	SCI (3)

(1) Economic interest group.
(2) Limited partnership.
(3) Non-trading real estate company.

Related party transactions

The table below provides information related to balances outstanding at the year-end on transactions between the CNCE and affiliated undertakings. Affiliated undertakings are entities that are fully consolidated subsidiaries of the Caisse Nationale des Caisses d'Epargne group.

In millions of euros	Credit institutions	Other companies	**12/31/2008**	12/31/2007
Receivables	12,721	537	13,258	9,391
Of which subordinated items	*933*	*41*	*974*	*850*
Payables	27,617	215	27,832	300
Financing commitments given	201	10	211	91
Financing commitments received	806		806	6
Guarantee commitments given	5,456	120	5,576	1,297
Guarantee commitments received	8		8	6
Other guarantee commitments received	1,068		1,068	

6

Equity interests acquired in 2008

Equity interests	% acquisition during the year	**% of shares held as of 12/31/2008**	% of shares held as of 12/31/2007
Banque Palatine SA	28%	92%	64%
Ecureuil Vie Développement SAS	49%	49%	-
GIE Partenariat CEMM	33%	33%	-
Socram Banque SA	10%	10%	-
GIE GCE Mobiliz	34%	34%	-
Alpha Demeter SA	20%	20%	-

Other movements in equity interests in 2008

The CNCE's ownership interest in Natixis increased by €1,522 million in 2008 due in particular to the payment of the 2007 dividend in shares (€189 million) and the CNCE's participation in the capital increase carried out in September 2008 (€1,291 million). As of December 31, 2008, the CNCE's ownership interest in Natixis was 35.62%, whereas it was 34.45% as of December 31, 2007.

As of December 31, 2008 and as a result of the signing of the CIFG commutation agreement the equity interests held by the CNCE were reclassified into the available-for-sale category.

Lastly, information on the tests that led the CNCE to recognize impairment charges for some of its equity interests as of December 31, 2008 is provided in Section 1.3.6.

3.1.6 Analysis of loans and borrowings by term outstanding

Sources and uses of funds with fixed due dates are presented by residual maturity and include accrued interest.

In millions of euros	0 to 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 year to 5 years	More than 5 years	**Total as of 12/31/2008**
Total uses of funds	**18,826**	**23,815**	**6,725**	**8,236**	**53,709**	**36,065**	**147,376**
Treasury bills and similar securities							
Loans and advances to credit institutions	13,491	14,589	5,481	8,161	35,772	29,801	107,295
Customer transactions	287	120		35	683	905	2,030
Bonds and other fixed-income securities	5,048	9,106	1,244	40	17,253	5,360	38,051
Total sources of funds	**42,124**	**24,505**	**5,321**	**5,633**	**47,078**	**38,414**	**163,075**
Amounts due to credit institutions	30,606	9,448	1,870	2,043	31,917	22,789	98,673
Customer transactions	1,490				188		1,678
Debt securities	10,028	15,057	3,451	3,590	14,129	6,173	52,428
Interbank and money market securities	*8,954*	*11,795*	*2,303*	*411*	*59*	*148*	*23,670*
Bonds	*1,074*	*3,262*	*1,148*	*3,179*	*14,070*	*6,025*	*28,758*
Total subordinated debt					844	9,452	10,296

3.1.7 Property, plant and equipment and intangible assets

Changes in fixed assets

In millions of euros	Gross value as of 12/31/2007	Acquisitions	Disposals/ retirements	Other movements [1]	Gross value as of 12/31/2008	Depreciation, amortization and impairment as of 12/31/2008	Carrying amount as of 12/31/2008
Intangible assets	24	1	0	4	29	(23)	6
Property, plant and equipment	164	11	(72)	11	114	(54)	60
TOTAL	**188**	**12**	**(72)**	**15**	**143**	**(77)**	**66**

(1) Other movements on intangible assets primarily relate to intangible assets in the course of development. Other movements in property, plant and equipment relate to the complete transfer of the assets and liabilities (TUP) of SCI 14 Tombe-Issoire to the CNCE for an amount of €9 million and property, plant and equipment in the course of construction for €2 million.

Intangible assets

Intangible assets at December 31, 2008 mostly comprised computer software.

Property, plant and equipment

As of December 31, 2008, the carrying amount of land and buildings amounted to €11 million.

3.1.8 Debt securities

In millions of euros	12/31/2008	12/31/2007
Interbank and money market securities	23,670	19,400
Bonds	28,758	32,224
TOTAL	**52,428**	**51,624**

As of December 31, 2008, the amount of bond issue and redemption premiums remaining to be amortized was €79 million.

3.1.9 Accrual accounts and other assets and liabilities

Accrual accounts

In millions of euros	Assets	Liabilities
Items in process of collection	2,903	2,795
Foreign exchange commitments		476
Issue premiums and expenses	199	225
Deferred gains and losses on hedging contracts	100	115
Prepaid expenses and unearned income	9	2
Accrued income and expenses	1,342	1,052
Other items	108	50
TOTAL AS OF 12/31/2008	**4,661**	**4,715**
Total as of 12/31/2007	4,861	5,280

Accrued income mainly comprised accrued interest on swaps for €1,259 million.

Accrued expenses mainly comprised accrued interest on swaps for €904 million.

Other assets, other liabilities

In millions of euros	Assets	Liabilities
Payments remaining to be made on equity interests		10
Securities settlement accounts	205	228
Premiums on options bought and sold	13	9
Debt on borrowed securities and other securities debt		1,789
Tax receivables and tax and social security liabilities	134	11
Initial margins paid and received	305	294
Other miscellaneous payables, other miscellaneous receivables	57	12
TOTAL AS OF 12/31/2008	**714**	**2,353**
Total as of 12/31/2007	706	2,749

3.1.10 Provisions

Provisions (excluding counterparty risk)

In millions of euros	01/01/2008	Additions [1]	Reversals (utilizations)	Reversals (surplus provisions) [2]	Other movements	12/31/2008
Provisions for litigation, fines and penalties	58	21	(1)	(10)		68
Provisions for employee benefit obligations and potential employee liabilities	13	2	(1)			14
Provisions for restructuring and personnel costs	41	32	(7)	(5)		61
Other provisions for banking and non-banking transactions	169	697	(17)	(103)	(14)	732
TOTAL	**281**	**752**	**(26)**	**(118)**	**(14)**	**875**

(1) Of which additions:
- *in respect of forward financial instruments: €17 million;*
- *related to equity interests: €4 million;*
- *in respect of tax consolidation liabilities: €66 million;*
- *in respect of call options on securities: €15 million;*
- *in respect of assignments of loans and receivables: €594 million.*

(2) Of which reversals:
- *in respect of forward financial instruments: €22 million;*
- *related to equity interests: €21 million;*
- *in respect of tax consolidation liabilities: €18 million;*
- *in respect of call options on securities: €16 million;*
- *in respect of assignments of loans and receivables: €43 million.*

Provisions and impairment for counterparty risk

In millions of euros	1/01/2008	Additions (1)	Reversals (utilizations)	Reversals (surplus provisions) (2)	Other movements	12/31/2008
Impairment of assets	**1**	**119**	**0**	**(1)**	**8**	**127**
Loans to customers	1	53		(1)	8	61
Other items	0	66				66
Provisions recognized as liabilities	**104**	**35**	**(2)**	**(74)**	**(4)**	**59**
Risks on off-balance sheet commitments	101	27		(73)	(4)	51
Loans to customers	1		(1)			0
Other items	2	8	(1)	(1)		8
TOTAL	**105**	**154**	**(2)**	**(75)**	**4**	**186**

(1) Impairment charges on assets primarily comprised an impairment loss on non-performing Lehman Brothers receivables and loans for €66 million and CIFG's impaired customer loans for €55 million (see below).
Additions to provisions for off-balance sheet commitments mostly comprised provision for client collateral of €26 million.

(2) Reversals primarily consisted of the reversal of the provision for the CIFG financing commitment in the amount of €65 million, following the drawdown of the credit facility, which had also been provided for in full.

Provisions for employee benefit obligations

Post-employment benefits related to defined contribution plans

Defined contribution plans refer to mandatory social security pension schemes as well as those managed by the pension funds AGIRC and ARRCO and the supplementary pension schemes to which the CNCE belongs.

Post-employment benefits related to defined benefit plans and long-term employee benefits

Groupe Caisse d'Epargne grants its staff a variety of employee benefits:

- the Caisses d'Epargne's private supplementary pension plan, previously managed by the Caisse Générale de Retraite des Caisses d'Epargne (CGRCE), a private supplementary pension scheme managed by a fund set up for this purpose by Groupe Caisse d'Epargne and considered as a fund providing long-term employee benefits;
- pensions and other post-employment benefits such as retirement bonuses and other benefits granted to retirees;
- other benefits such as long-service awards and other long-term employee benefits.

As of January 1, 2008, the CGRCE was a supplementary pension scheme governed by Articles L. 941-1 *et seq.* of the French Social Security Code managing a private pension fund on behalf of Group personnel. As a result of the pension reform enacted in 2003, known as the "Loi Fillon", these institutions were required to either wind up their operations, seek accreditation as an *institution de prévoyance* (employee benefits savings institution), or merge with such an institution by December 31, 2008. Representatives of employee members of the CGRCE opted for the third solution. Therefore, as of December 31, 2008, the Caisse Générale de Prévoyance des Caisses d'Epargne absorbed the CGRCE. This merger has no direct accounting impact for the CNCE.

These obligations are calculated in accordance with the provisions of CNC Regulation 2003-R-01.

Analysis of assets and liabilities included in the balance sheet

In millions of euros	CGRCE plan	Pension obligations	Other obligations	**Total as of 12/31/2008**	CGRCE	Pension obligations	Other obligations	Total as of 12/31/2007
Present value of funded obligations	83	31		114	79	7		86
Fair value of plan assets	(77)	(24)		(101)	(75)	(1)		(76)
Fair value of reimbursement rights	(9)			(9)	(8)			(8)
Present value of unfunded obligations	0		1	1			1	1
Items not yet recognized: actuarial gains and losses and past service cost	2	(1)		1	3	(1)		2
NET AMOUNT RECORDED IN THE BALANCE SHEET	**(1)**	**6**	**1**	**6**	**(1)**	**5**	**1**	**5**
Employee benefit obligation liabilities	7	6	1	14	7	5		13
Employee benefit obligation assets	(8)			(8)	(8)			(8)

Experience adjustments in the individual pension plans of the Caisses d'Epargne (CGRCE plan)

In millions of euros	**12/31/2008**	12/31/2007	12/31/2006	12/31/2005
Present value of funded obligations (1)	83	79	85	88
Fair value of plan assets a nd reimbursement rights (2)	(86)	(83)	(88)	(90)
Deficit (surplus)	(3)	(4)	(3)	(2)
Experience adjustments to liabilities loss/gain - as a % of (1)	0.5%	4.0%	-1.1%	3.4%
Experience adjustments to assets - as a % of (2)	5.3%	-6.7%	-3.4%	-2.4%

As of December 31, 2008, the individual pension plan assets of the Caisses d'Epargne comprise 88% bonds, 9% shares, 2% property assets, and 4% monetary assets. The expected return on plan assets is calculated by weighting the expected return on each category of asset by their respective weight in the aggregate fair value of all plan assets.

Analysis of expense for the year

In millions of euros	CGRCE plan	Pension obligations	Other obligations	**Total**
2008	**0**	**4**	**0**	**4**
2007	0	1	0	1

Breakdown of the expense related to the CGRCE plan

In millions of euros	12/31/2008	12/31/2007
Service cost for the period		
Interest cost	3	3
Expected return on plan assets	(3)	(3)
Expected return on reimbursement rights		
Actuarial gains and losses: amortization for the period		
Other		
TOTAL	**0**	**0**

Main actuarial assumptions

	CGRCE plan (1)		Pension obligations (2)		Other obligations	
	12/31/2008	12/31/2007	12/31/2008	12/31/2007	12/31/2008	12/31/2007
Discount rate	4.00%	4.60%	3.60%	4.20%	3.60%	4.20%
Expected return on plan assets	4.10%	4.60%				
Expected return on reimbursement rights	4.00%	4.20%				

(1) Mortality table: TGH/TGF 05.
(2) Tariff advantages granted to retired employees: 3.80% as of December 31, 2008 and 4.59% as of December 31, 2007.

Bonus share allocation scheme (SAGA)

On November 12, 2007, Natixis' Management Board approved the allocation, on an equal basis and in registered form, of 60 Natixis bonus shares to its employees, and to each of the employees of all companies affiliated directly or indirectly, under the conditions set forth in Article L. 225-197-2 of the French Commercial Code, and subject to the fulfillment by these companies of such conditions since at least November 17, 2006. This allocation concerns employees of Groupe Banque Populaire, Groupe Caisse d'Epargne, Natixis and its subsidiaries based in France, with at least three months' service as of November 12, 2007, representing a total of almost 100,000 persons.

The Management Board of Natixis thus allocated bonus shares to each beneficiary, which will be fully vested after two years, provided the beneficiary is still employed by Natixis or its affiliated companies at the conclusion of this period.

Each entity accrues a charge corresponding to the cost of the shares that will ultimately be granted to its own employees. Natixis has begun the process of acquiring the necessary shares on the market and will rebill this amount at the end of the vesting period.

The total charge was calculated by Natixis based on an acquisition price per share, reflecting an average estimated employee turnover of 2.25% for the year (through November 12, 2009) and the new 10% employer contribution introduced by Article 13 of the Social Security financing law.

The charge recorded in respect of the shares is recognized over the two-year vesting period.

As of December 31, 2008, €0.6 million was recognized in this respect, increasing the provision booked to €0.7 million.

Moreover, as a result of the capital increase carried out by Natixis in September 2008, and in order to maintain the economic rights of beneficiaries, the Management Board of Natixis has decided to allocate 33 additional bonus shares to the beneficiaries of the bonus share allocation scheme (SAGA).

This transaction has no material impact on the measurement of the total charge recognized by the CNCE.

Remuneration of corporate officers

Share-based payments

Bonus shares were granted in 2008 to members of the CNCE's Management Board (8,000 Nexity bonus shares and 99 Natixis shares in connection with the capital increase effected in September 2008).

Top-up pension plan

Pursuant to an agreement entered into on July 18, 2005, the members of the Management Board of the CNCE and the chairmen of the management boards of the Caisses d'Epargne are entitled to receive additional pension benefits calculated on the basis of their salary from a supplementary defined benefit pension plan.

Eligible beneficiaries are required to meet all the conditions set out below at the date of termination of their employment contract:

- beneficiaries must end their professional careers while with Groupe Caisse d'Epargne. This condition is fulfilled when the beneficiary is employed by the Group at the date of retirement;
- at the time of their departure or retirement, beneficiaries must have served as members of the CNCE's Management Board for a minimum of ten years. The pension plan is also open to any person who has served as Chairman of the Management Board of one of the individual Caisses d'Epargne or as Chief Executive Officer of a CNCE-affiliated entity (within the meaning of Article L. 511-31 of the French Monetary and Financial Code) for a minimum of ten years at the time of their departure or retirement. The number of years as CEO of a CNCE-affiliated entity taken into account for the calculation may not exceed five years;
- beneficiaries must have applied to receive their pension entitlements under the basic French social security system and the mandatory supplementary French pension systems (ARRCO and AGIRC).

Beneficiaries are entitled to receive pension annuities equal to 10% of their average gross remuneration in the three highest-earning full calendar years with the Group prior to the termination of their employment contract or the end of their term of office.

This supplementary pension plan is managed by an insurer. The premium paid in 2008 to the members of the CNCE's Management Board was €1 million.

The members of the Management Board and all of the Group's executive-level staff and corporate officers benefit from two additional points-based pension plans managed by pension funds.

Indemnities payable upon expiry of term of office

Indemnities payable to corporate officers of the Caisses d'Epargne upon expiry of their term of office are covered by the provisions adopted in 2003 by the Remuneration & Selection Committee of the Caisse Nationale des Caisses d'Epargne.

If a corporate officer's term of office is unlawfully terminated or not renewed at the initiative of the Group, the corporate officer shall receive an indemnity in proportion to the loss suffered. Indemnities payable to corporate officers with an employment contract may not exceed the equivalent of 28 months' gross remuneration, while corporate officers with no employment contract are entitled to a maximum of 36 months' gross remuneration.

In early 2009, this indemnity was capped at 24 months, by extending the AFEP/MEDEF recommendations of October 6, 2008, concerning corporate governance and the remuneration of executive corporate officers of companies whose shares are traded on a regulated or organized market, to Groupe Caisse d'Epargne.

3.1.11 Shareholders' equity, reserve for general banking risks and subordinated debt

Shareholders' equity

In millions of euros	Share capital	Additional paid-in capital	Legal reserve	Other reserves	Retained earnings	Net income	Total shareholders' equity (excluding RGBR)
As of December 31, 2006	**6,561**	**0**	**94**	**0**	**(1,042)**	**4,402**	**10,015**
Movements in 2007	(91)	233	168	0	2,592	(2,812)	90
As of December 31, 2007	**6,470**	**233**	**262**	**0**	**1,550**	**1,590**	**10,105**
Appropriation of 2007 net income			437	2,203	(1,050)	(1,590)	0
Dividends paid			(358)	(447)			(805)
Capital increase	1,817	2,183					4,000
Appropriation to retained earnings							0
Net income for 2007						(2,253)	(2,253)
As of December 31, 2008	**8,287**	**2,416**	**341**	**1,756**	**500**	**(2,253)**	**11,047**

As of December 31, 2008, the CNCE's share capital was €8,287 million, divided into 543,382,661 shares, of which 15,990,000 preference shares and 527,392,661 ordinary shares with a par value of €15.25 each.

In 2008, the CNCE:

- carried out a capital increase on March 26, 2008 for an amount of €1,287 million, divided into 68,376,059 ordinary shares and 15,990,000 preference shares;
- carried out a capital increase following the dividend payout of €357 million approved at the Annual Shareholders' Meeting of April 17, 2008 for the Caisses d'Epargne:
  - distributed an interim dividend on March 10, 2008 and performed an additional capital increase of €116 million, corresponding to 7,633,202 shares,
  - distributed a final dividend on April 17, 2008 and carried out a capital increase of €116 million, corresponding to 7,632,450 shares on May 15, 2008;
- distributed retained earnings of €447 million to the Caisses d'Epargne and carried out cash capital increases:
  - in the amount of €117 million corresponding to 7,679,740 shares (Management Board decision of September 30, 2008),
  - in the amount of €180 million corresponding to 11,802,388 shares (Management Board decision of December 9, 2008).

Change in the reserve for general banking risks

In millions of euros	As of 12/31/2007	Additions	Reversals	Other movements	**As of 12/31/2008**
Reserve for general banking risks (RGBR)	106	0	(106)	0	**0**

Subordinated debt

In December 2008, the CNCE issued perpetual deeply subordinated debt securities (TSDI) for €1,100 million subscribed by the *Société de Prise de Participation de l'Etat* (SPPE, French government acquisition vehicle). It issued no other debt securities for Groupe Caisse d'Epargne.

In millions of euros	**12/31/2008**	12/31/2007
Dated subordinated debt	5,163	5,202
Perpetual deeply subordinated debt	4,962	3,830
Accrued interest	171	170
TOTAL	**10,296**	**9,202**

As of December 31, 2008, the amount of bond issue and redemption premiums remaining to be amortized was €38 million.

Perpetual deeply subordinated debt

In millions of euros

Issue date	Currency	Amount issued	Issue price	Interest rate	Step-up *(in basis points)*	Date of early redemption option or step-up
11/26/2003	EUR	800	802	5.25%	184 (1)	7/30/2014
7/30/2004	USD	142	134	Mn (CTMAT10Y + 0.3%; 9%)	No	12/30/2009
10/06/2004	EUR	700	694	4.625%	153 (1)	7/30/2015
10/12/2004	EUR	80	82	Mn (Euribor 3M; 7%)	No	10/12/2009
11/30/2004	EUR	390	390	Euribor 3M + 0.71%	100 (1)	11/30/2014
1/27/2006	USD	213	202	6.75%	No	1/27/2012
2/01/2006	EUR	350	348	4.75%	135 (1)	2/01/2016
6/30/2006	EUR	150	150	Euribor 6M + 1.2%	No	6/30/2016
6/29/2007	EUR	105	105	Euribor 3M + 1.25%	No	6/30/2017
10/30/2007	EUR	850	846	6.12%	237 (1)	10/30/2017
12/20/2007	EUR	82	82	Euribor 3M + 1.60%	100 (1)	12/20/2017
12/11/2008	EUR	1,100	1,100	8.49%	No	
		4,962	**4,935**			

(1) In excess of 3-month Euribor.

3.1.12 Breakdown of assets and liabilities by currency

In millions of euros	**12/31/2008** Assets	**12/31/2008** Liabilities	12/31/2007 Assets	12/31/2007 Liabilities
Euro	177,216	166,762	132,045	123,372
US dollar	3,128	10,102	8,175	11,794
Pound sterling	588	2,073	347	4,346
Japanese yen	101	2,052	78	1,312
Other	1,091	1,135	1,150	971
TOTAL	**182,124**	**182,124**	**141,795**	**141,795**

3.2 Off-balance sheet and similar transactions

3.2.1 Assets pledged at collateral for the commitments of the CNCE or on behalf of third parties

In a context where the key focus is on liquidity, French credit institutions now benefit from several refinancing mechanisms based on the collateralization of financial assets:

European Central Bank (ECB)

In order to guarantee the European Central Bank's refinancing operations, the CNCE, as a depository financial institution, is required to create a collateral pool.

Two types of collateral are involved:

- the transfer of receivables held either by the CNCE or by any Group entity, such as the individual Caisses d'Epargne, who have authorized the CNCE to transfer receivables in their name to the Banque de France (assignment of receivables under the Dailly Law mechanism);
- the pledging of securities which may have been previously borrowed or received under resale agreements.

***Société de Financement de l'Economie Française* (SFEF)**

The SFEF is the refinancing company for the French banking sector and all the bonds it issues are explicitly guaranteed by the French government.

Funds loaned by the SFEF to French credit institutions are guaranteed through pledges of eligible receivables (consumer credit, mortgages) and are repaid under normal market conditions.

As the central institution of Groupe Caisse d'Epargne, the CNCE represents the Group's interests vis-à-vis the SFEF and serves as the coordinating body for all the Group's beneficiary entities. The CNCE only fulfills the role of mandated representative and account keeper for the individual Caisses d'Epargne.

GCE Covered Bonds

GCE Covered Bonds issues AAA-rated covered bonds guaranteed by a sizeable group of home loans.

The funds collected by GCE Covered Bonds are lent in full to the CNCE which, as the centralizing entity, in turn lends these funds to the individual Caisses d'Epargne and Crédit Foncier.

European Investment Bank (EIB)

Among the measures used by the Group Caisse d'Epargne to optimize the financial conditions of the solutions offered to local authorities, funding is sought from the EIB, whose purpose is to support investments meeting the European Union's policy objectives.

Funds received from the EIB are divided among the Group's institutions, which are ultimately responsible for lending these funds to the beneficiaries. This funding is usually backed by guarantees in the form of assignments of receivables (i.e. loans to local authorities) under the Dailly Law mechanism.

In millions of euros Description of other financial assets provided as collateral	Total as of 12/31/2008	Liabilities or obligations involved
Securities	24,151	Utilizable ECB liquidity reserve
Receivables pledged to SFEF	293	Term borrowings
TOTAL	**24,444**	

3.2.2 Commitments on futures and options contracts

Commitments on futures and options contracts

Commitments primarily involve forward interest rate instruments traded over the counter.

In millions of euros	Interest rate instruments	Foreign currency instruments	Other instruments	Total as of 12/31/2008	Total as of 12/31/2007
Transactions on organized markets					
Futures	1,807	0	0	1,807	160
Options	23,735	0	42	23,777	15,753
Over-the-counter transactions					
Futures	96,134	0	1,107	97,241	78,908
Options	885	79	63	1,027	3,597
TOTAL	**122,561**	**79**	**1,212**	**123,852**	**98,418**
TOTAL (FAIR VALUE)				**1,191**	**(17)**

The notional amounts of contracts listed in this table only provide an indication of the volume of the CNCE's activities involving financial instruments at the balance sheet date. They do not reflect the market risks associated with such instruments.

Commitments on interest rate derivatives traded over the counter mainly consist of interest rate swaps and forward rate agreements for futures and interest rate guarantees for options.

Commitments on currency derivatives traded over the counter mainly consist of currency swaps.

Commitments on other financial instruments traded over the counter mainly consist of CDS futures contracts.

Breakdown of over-the-counter interest rate financial instruments by type of portfolio

In millions of euros	Macro-hedging	Specific hedging	Isolated open positions	Total
Futures	**42,604**	**38,676**	**15,961**	**97,241**
Options	**0**	**885**	**142**	**1,027**
Purchases		352	69	421
Sales		533	73	606
TOTAL AS OF 12/31/2008	**42,604**	**39,561**	**16,103**	**98,268**
Total as of 12/31/2007	32,468	41,791	8,246	82,505

Transactions transferred in 2008

In millions of euros		Amount transferred during the financial year	
Original portfolio	Target portfolio	2008	2007
Macro-hedging	Specific hedging	706	
Macro-hedging	Isolated open position	3,148	
Specific hedging	Macro-hedging	5	
Specific hedging	Isolated open position	23	
Isolated open positions	Specific hedging	86	
TOTAL		**3,968**	**0**

Commitments on forward financial instruments by maturity

In millions of euros	0 to 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	More than 5 years	Total as of 12/31/2008	Total as of 12/31/2007
Transactions on organized markets								
Futures		879	154	293	481	0	1,807	160
Options	11	22,321	1,433	12	0	0	23,777	15,753
Over-the-counter transactions								
Futures	6,294	13,210	7,557	10,193	29,447	30,540	97,241	78,908
Options		11	32	46	845	93	1,027	3,597
TOTAL	**6,305**	**36,421**	**9,176**	**10,544**	**30,773**	**30,633**	**123,852**	**98,418**

Foreign currency transactions

In millions of euros	12/31/2008	12/31/2007
Spot foreign exchange transactions	**6**	**12**
Currencies receivable not received	3	6
Currencies deliverable not delivered	3	6
Forward foreign exchange transactions	**25,458**	**23,659**
Euros receivable against currencies deliverable	11,953	11,469
Currencies receivable against currencies deliverable	529	20
Euros deliverable against euros receivable	12,424	12,149
Currencies deliverable against receivable	552	21
TOTAL	**25,464**	**23,671**

Counterparty risk associated with forward financial instruments

Counterparty risk is determined on the basis of the probable loss that would be incurred by the CNCE if the counterparty were not to be able to meet its commitments. The CNCE's exposure to counterparty risk on forward financial instruments (both futures and options), whether interest rate or currency derivatives, may be determined by calculating an equivalent credit risk, as defined by Instruction 96-06 of the French Banking Commission, amounting to the sum of the following items:

- the positive mark-to-market replacement cost of these instruments, net of any compensation agreements meeting the criteria set forth in Article 4 of CRBF Regulation 91-05;
- the potential credit risk, resulting from the application of add-ons defined by the above-mentioned instruction and calculated on the basis of the notional value of contracts, depending on their type and maturity.

This counterparty risk is mitigated at the CNCE through:

- the signing of master agreements (ISDA or AFB), which, in the event of default by the counterparty, allow for the netting of positive and negative replacement values;
- the signing of collateral agreements which involve setting up a guarantee in the form of cash or securities.

In millions of euros	Governments and OECD central banks and equivalent	OECD financial institutions and equivalent	Other counterparties	Total as of 12/31/2008
Unweighted equivalent credit risk, before netting and collateral agreements		3,961	84	4,045
Effect of netting agreements		(15)		(15)
Effect of collateral agreements		(254)		(254)
Unweighted equivalent credit risk, after netting and collateral agreements	**0**	**3,693**	**84**	**3,777**
Weighted equivalent credit risk, after netting and collateral agreements	**0**	**109**	**42**	**151**

This table shows only the transactions governed by Instruction 96-06 of the French Banking Commission, namely transactions carried out over the counter and in markets considered as organized markets. The table does not include instruments traded in organized markets and transactions initiated with credit institutions belonging to the Caisses d'Epargne network, for which the counterparty risk is considered as nil as it is covered by the guarantee and solidarity mechanisms within the Group.

As of December 31, 2008, the weighted equivalent credit risk represented 0.23% of the sum of notional values of these transactions, versus 1.30% as of December 31, 2007.

3.2.3 Other off-balance sheet commitments

The CNCE's guarantee in respect of the business activities of Natixis (previously IXIS CIB)

Certain transactions carried out by IXIS CIB are covered by Caisse des Dépôts in the form of a joint guarantee. These include:

- cash and interbank transactions;
- trading in financial instruments, including transactions relating to the issuance of such instruments, except for those concerning the issuance of subordinated debt;
- signature commitments such as guarantees and pledges.

Pursuant to the terms of the guarantee, under certain conditions IXIS CIB could extend the guarantee to some of its own subsidiaries. In accordance with the agreement signed with the European Commission on March 27, 2003, this guarantee no longer applies to new transactions completed on and after January 24, 2007.

As part of the New Foundations project, on May 27, 2004 the CNCE agreed to counter-guarantee IXIS CIB transactions guaranteed by CDC, with effect from June 30, 2004. In accordance with the grandfathering principle, transactions guaranteed prior to January 24, 2007 by CDC and counter-guaranteed by the CNCE will remain as such until their maturity.

In addition, from October 1, 2004 the CNCE agreed to directly guarantee IXIS CIB transactions executed as of January 24, 2004, which are not guaranteed by CDC, with the exception of issues of subordinated debt.

The creation of Natixis on November 17, 2006 had two consequences:

- between November 17, 2006 and December 31, 2007, Natixis granted a counter-guarantee to CNCE to cover the full amount of commitments guaranteed prior to November 17, 2006;
- on November 17, 2006, BFBP granted a counter-guarantee to the CNCE to cover 50% of commitments guaranteed prior to November 17, 2006.

In connection with the absorption of IXIS CIB by Natixis on December 31, 2007, the CNCE rescinded the guarantee granted on October 1, 2004, with effect from December 31, 2007.

Accordingly, as from January 1, 2008, no new transactions were covered by the guarantee granted on October 1, 2004. In accordance with the grandfathering principle, previously guaranteed transactions remain as such until their maturity.

As of December 31, 2008, this guarantee amounted to €24 million.

Finance lease commitments

As of December 31, 2008, the CNCE had no finance lease commitments, in relation to either movable or immovable property.

Other commitments not recognized on the off-balance sheet as of December 31, 2008

In millions of euros	Commitments given	Commitments received
Other commitments	**3,551**	**3,551**
Other securities pledged as collateral provided to credit institutions	3,551	
Other securities pledged as collateral received from credit institutions		3,551
TOTAL AS OF 12/31/2008	**3,551**	**3,551**
Total as of 12/31/2007	2,429	2,429

3.3 Income statement

3.3.1 Interest and similar income and expense

	Income		Expense	
In millions of euros	**2008**	2007	**2008**	2007
Transactions with credit institutions	6,426	5,222	(4,336)	(3,570)
Customer transactions	150	173	(68)	(142)
Bonds and other fixed-income securities	1,191	1,015	(3,104)	(2,667)
Subordinated debt			(458)	(384)
Other interest and similar income and expense	1,633	1,196	(1,607)	(1,154)
TOTAL	**9,400**	**7,606**	**(9,573)**	**(7,917)**

3.3.2 Income from variable-income securities

In millions of euros	**2008**	2007
Equities and other variable-income securities	15	17
Equity interests and other long-term investments	320	424
Investments in associates	501	398
TOTAL	**836**	**839**

3.3.3 Commission income and expense

In millions of euros	Income	Expense	Net amount
Transactions with credit institutions and interbank transactions	1	0	1
Customer transactions	8	(1)	7
Securities transactions	18	(9)	9
Payment processing	66	(5)	61
Other commission and fee income and expense	1	(43)	(42)
TOTAL 2008	**94**	**(58)**	**36**
Total 2007	130	(27)	103

3.3.4 Net gain on loss on trading portfolio transactions

In millions of euros	**2008**	2007
Trading securities	34	159
Foreign exchange gains	34	3
Financial instruments [1]	(699)	(235)
TOTAL	**(631)**	**(73)**

(1) Of which a loss of €752 million related to the market incident of October 2008.

3.3.5 Net gain or loss on held-for-sale portfolio transactions and similar items

In millions of euros	Available-for-sale securities	Trading account securities	**2008**	2007
Net gains on disposal	56		56	190
Net impairment charge (reversal)	(193)		(193)	(88)
TOTAL	**(137)**	**0**	**(137)**	**102**

3.3.6 Other operating income and expenses

In millions of euros	Income	Expense	Net amount
Share in joint operations	0	(2)	(2)
Electronic payment terminal business	9	(3)	6
Amortization and rebilling of issue expenses	37	(2)	35
Other	11	(4)	7
TOTAL 2008	**57**	**(11)**	**46**
Total 2007	78	(56)	22

3.3.7 Operating expenses

In millions of euros	**2008**	2007
Personnel costs	(201)	(195)
Wages and salaries	*(130)*	*(105)*
Pension costs [1]	*(20)*	*(19)*
Other social security charges and payroll-based taxes	*(51)*	*(61)*
Profit-sharing and incentive plans	*0*	*(10)*
Taxes other than on income	(9)	(27)
External services and other administrative expenses	(320)	(409)
Rebilled expenses	326	362
TOTAL	**(204)**	**(269)**

(1) Including additions, utilizations and reversals of provisions for employee benefit obligations (see Note 3.1.10).

The average workforce during the year, broken down by professional categories, is as follows:

	2008	2007
Managerial staff	1,005	1,068
Non-managerial staff	234	352
TOTAL	**1,239**	**1,420**

Total remuneration granted to the members of executive and supervisory bodies, in respect of services rendered in the 2008 fiscal year, amounted to €6 million.

The amount recognized in 2008 in respect of contributions to pension schemes for members of executive and supervisory bodies was €1 million.

3.3.8 Cost of risk

In millions of euros	Customer transactions	Other transactions	Total
Additions to impairment and provisions [(1)] [(2)]	(53)	(406)	(459)
Reversals of impairment and provisions [(3)]	0	77	77
Losses on irrecoverable loans covered by impairment	(1)	(3)	(4)
Losses on irrecoverable loans not covered by impairment	0	(1)	(1)
Recoveries of loans and receivables previously written off	1	0	1
TOTAL 2008	**(53)**	**(333)**	**(386)**
Total 2007	(1)	(69)	(70)

(1) Depreciation, impairment and provision charges for the other transactions in 2008 consisted primarily of impairment losses of €230 million on debt securities held to maturity, €74 million on securities available for sale, €66 million on Lehman Brothers' non-performing loans and receivables and €26 million on provisions for guarantees.

(2) Depreciation, impairment and provision charges for customer transactions in 2008 consisted primarily of CIFG's doubtful receivables and loans of €47 million.

(3) Reversals of depreciation, amortization and impairment provisions in 2008 consisted primarily of the reversal of the CIFG provisions in the amount of €65 million.

3.3.9 Gains or losses on fixed assets

In millions of euros	**2008**	2007
Property, plant and equipment (1)	33	(5)
Intangible assets	0	(13)
Equity interests (2)	(1,874)	(271)
Investments in affiliates (2)	49	1,281
Other long-term investments	(11)	234
Debt securities held to maturity		
TOTAL	**(1,803)**	**1,226**

(1) Proceeds from the sale of the Tombe-Issoire building accounted for €32 million of the gains from disposals of property, plant and equipment in 2008.
(2) Gains or losses on equity interests, investments in affiliates and other long-term investments include specifically:
- capital gain of €125 million from the disposal of shares in GCE Assurances;
- net impairment charge for fixed assets: €1,963 million of which €1,878 million on Natixis shares, €49 million on Nexity shares and €31 million on Oterom shares.

3.3.10 Exceptional items

Exceptional income and expenses consist of items that are unusual in nature and are not considered to comply with the ordinary business of the institution. As in 2007, there were no exceptional income or expense items in 2008.

3.3.11 Income taxes

In millions of euros	**2008**	2007
Tax consolidation — corporate income tax	1	1
Carryback	130	
Provisions on long-term beneficiary economic interest groups	(60)	(16)
Other	(3)	59
TOTAL	**68**	**44**

Breakdown of income taxes in 2008

In millions of euros Taxable bases at the following rates	33.33%	16.50%	15%	**Total**
Current income	(920)	32		
Exceptional items				
Applicable corporate tax	**0**	**(5)**	**0**	**(5)**
Contributions				(1)
Use of tax loss carryforwards				5
Deductions in respect of tax credits				0
Tax consolidation impact				1
Corporate tax recognized				**1**
Provisions for the return to profitability of subsidiaries				12
Provisions for deferred tax on tax-driven economic interest groups				(60)
Carryback				130
Other provisions				(10)
Other items				(5)
TOTAL				**68**

Reconciliation from accounting to taxable income

In millions of euros	**2008**
Net accounting income	**(2,253)**
Corporate tax	**(125)**
Add-backs	**2,695**
Impairment of fixed assets	1,989
Other impairment and provisions	518
Other items	188
Deductions	**1,237**
Long-term capital gains under exemptions	162
o/w capital gains taxable at reduced rate: €32 million	
Dividends	709
Mutual funds	178
Other items	188
Tax basis at normal rate	**(920)**

Note 4 Other information

Consolidation

Pursuant to CRC Regulation 99-07, the Caisse Nationale des Caisses d'Epargne prepares consolidated financial statements that comply with International Financial Reporting Standards.

The parent company financial statements are included in the consolidated financial statements of Groupe Caisse d'Epargne.

Statutory Auditors' fees

	PricewaterhouseCoopers Audit				Mazars			
	2008		2007		**2008**		2007	
In millions of euros	Amount	%	Amount	%	Amount	%	Amount	%
Audit								
Statutory audit, review of parent company and consolidated financial statements	917	97%	862	79%	919	97%	742	94%
Other audit procedures and incidental assignments in relation to the statutory audit engagement	28	3%	229	21%	26	3%	46	6%
TOTAL	**945**	**100%**	**1,091**	**100%**	**945**	**100%**	**788**	**100%**

Comments on the activities and results of the CNCE parent company

Detailed information on significant events in 2008 is provided in section 1 of the Group's management report.

6.4.4 Changes in accounting policies (French GAAP)

The only change in accounting policies having an impact on the 2008 financial statements was the reclassification of portfolios carried out as of July 1, 2008, pursuant to amendments to CRBF Regulation 90-01 relating to the recognition of securities transactions, adopted as a result of the publication of CRC Regulation 2008-17 of December 10, 2008.

6.4.5 Changes in the CNCE balance sheet

			Change	
In billions of euros	**12/31/2008**	12/31/2007	Amount	%
Amounts due from banks	119.1	109.5	9.6	9%
Amounts due from customers	2.0	2.0	0.1	4%
Securities transactions	38.9	10.3	28.6	277%
Affiliates, equity interests and long-term investments	16.7	14.3	2.4	16%
Other assets	5.4	5.7	(0.2)	-4%
TOTAL ASSETS	**182.1**	**141.8**	**40.3**	**28%**
Amounts due to banks	98.7	60.3	38.4	64%
Securities and subordinated debt	62.7	60.8	1.9	3%
Other liabilities	9.7	10.5	(0.8)	-8%
Shareholders' equity (including RGBR)	11.0	10.2	0.8	8%
TOTAL LIABILITIES AND EQUITY	**182.1**	**141.8**	**40.3**	**28%**

As of December 31, 2008, total assets amounted to €182.1 billion, a year-on-year increase of 28%.

With regard to assets, the €9.6 billion increase in amounts due from banks is essentially attributable to the €5 billion increase in Banque de France deposits, in order to meet the Group's potential liquidity requirements, as well as a rise in securities received under repurchase agreements and in outstanding term loans with the individual Caisses d'Epargne and subsidiaries. In addition, there was an increase in securities transactions of €28.6 billion, of which €20 billion corresponded to EMTNs, reflecting the CNCE's subscription to issues of GCE Covered Bonds.

With regard to liabilities, amounts due to banks increased by €38.4 billion, incurred so as to reinforce the Group's liquidity through the issue of GCE Covered Bonds and guarantees of securities and loans contracted with Banque de France. In 2008, subordinated debt and securities increased by nearly €2 billion, corresponding to a rise in short-term refinancing (CDNs) which partially offset the decline in long-term refinancing (bonds).

Furthermore, the year saw moderate growth in shareholders' equity, notwithstanding the capital increase effected in March 2008, for €1.6 billion in ordinary shares and €1.6 billion in preference shares.

6.4.6 Changes in the CNCE income

In millions of euros	**2008**	2007	Change (amount)
Net banking income	(23)	682	(705)
Net operating expenses	(215)	(292)	+78
Gross operating income	**(238)**	**390**	**(627)**
Cost/income ratio	*N/A*	*43%*	
Cost of risk	(386)	(69)	(316)
Net gains on fixed assets	(1,803)	1,226	(3,029)
Ordinary income before tax	**(2,427)**	**1,546**	**(3,346)**
Income tax	68	44	+23
Reserve for general banking risks	106	0	+106
Net income	**(2,253)**	**1,590**	**(3,216)**

Net income for 2008 was negative by €2.3 billion, affected by the financial crisis and mainly reflecting the impairment charge of €1,958 million for some equity interests as well as the market incident resulting in a loss of €752 million.

Net banking income

In millions of euros	**2008**	2007	Change (amount)
Holding company activities and income	613	624	(11)
Group proprietary and banking activities	(708)	(82)	(625)
Net banking income: banking services line	73	134	(61)
Other income	(1)	7	(8)
NET BANKING INCOME	**(23)**	**682**	**(705)**

The CNCE posted a negative net banking income of €23 million in 2008, a decrease of €705 million on the prior year. Net banking income comprises dividends, income from proprietary financial management and banking activities, including income from transactions, electronic payment systems, and custody services.

Dividends and current account credit facilities received in 2008 came in at €810 million, a decrease of €12 million compared to 2007.

The decline in dividends paid by Natixis and CFF was offset by dividends received from Holassure (CNP) and Nexity, as well as the increase in those received from Banque Palatine. The cost of refinancing equity interests increased by €11 million as a result of changes in the value of equity interests and in interest rates.

The CNCE's financial management activities, including Group proprietary transactions and banking activities, had a negative impact of €708 million on the Group's net banking income in 2008.

In 2008, the net banking income of the CNCE's proprietary trading activities takes into account the €752 million loss related to the market incident, the reclassification under French GAAP of a portion of its portfolio either as held to maturity or available for sale as of July 1, 2008, and the corrected classification of perpetual subordinated debt securities as securities held for long-term investment as of January 1, 2008.

The €123 million generated by the central cash management unit and the €34 million generated by guarantees activities partially offset the decline in the performance of proprietary activities, which were hit by the financial crisis.

Net banking income generated by banking services lines came to €73 million in 2008, a decline of €61 million on the prior year (45.5%), following the transfer of the major portion of electronic payment systems activities to GCE Paiements. Net banking income from transactions grew 3% to €46 million due to an increase in bulk small-amount transaction volumes and net banking income posted by banking services declined by 23% to €15 million, mainly as a result of the performance of custody services.

Operating expenses

In millions of euros	**2008**	2007	Change Amount	Change %
Personnel costs	(197)	(199)	2	-1%
Other expenses including:	(317)	(412)	95	-23%
- research	*(83)*	*(154)*	*71*	*-46%*
- property costs and shared expenses	*(46)*	*(56)*	*10*	*-19%*
- other operations	*(37)*	*(79)*	*42*	*-53%*
- general operating expenses	*(83)*	*(123)*	*40*	*-32%*
- GCE Paiements	*(68)*		*(68)*	*N/A*
Gross operating expenses (excl. strategic projects)	**(514)**	**(611)**	**97**	**-16%**
Strategic projects	(5)	(35)	30	-86%
Gross operating expenses (incl. strategic projects)	**(519)**	**(646)**	**127**	**-20%**
REBILLED EXPENSES	**304**	**354**	**(50)**	**-14%**
Net operating expenses	**(215)**	**(292)**	**78**	**-27%**

Operating expenses excluding strategic projects fell by 16% compared to 2007, reflecting the CNCE's commitment to reduce costs.

The net decrease of €2 million in personnel costs mainly comprises the outsourcing of payment method activities, offset by a provision for measures in support of departing employees.

Other operating expenses shrank by €95 million thanks to cost control measures, the outsourcing of certain activities for €41 million, and reversals of provisions amounting to about €15 million.

The €30 million decrease in expenses relating to strategic projects is to be considered in light of the expenses incurred in 2007 with respect to Nexity and CIFG.

Rebilled expenses show a similar trend to that of expenses as a whole, not including strategic projects.

Given these movements, net operating expenses for 2008 came to €215 million and gross operating income was negative €238 million.

Cost of risk

In 2008, the cost of risk was €386 million and corresponds mainly to provisions recorded in order to cover the CNCE's proprietary activities in the amount of €370 million and the recognition of a provision for execution risk related to commitments given in the amount of €26 million.

Furthermore, a provision reversal in the amount of €18.4 million was recognized as of December 31, 2008 with respect to the liquidity line granted by the CNCE to CIFG at the end of 2007 following the restructuring of the latter entity.

Net gains on fixed assets

In 2008, the CNCE recorded a capital gain of €32 million following the sale of its building on Rue de la Tombe-Issoire in Paris. In addition, the sale in September 2008 of a 40% stake in GCE Assurances to Macif-MAIF generated a capital gain of €125 million for the CNCE.

After testing its main equity interests for impairment, the CNCE booked €1,958 million in provisions.

In total, net gains on fixed assets amounted to a negative charge of €1,803 million.

Income taxes

A €130 million tax asset realized by carryback was recorded in the financial statements of the CNCE, as were deferred taxes in the amount of about €60 million.

Reserve for general banking risks (RGBR)

In 2008, the CNCE wrote back the entirety of the provisions booked in relation to the reserve for general banking risks recorded as liabilities in the parent company balance sheet for €106 million.

Consequently, **net income** for the year was a loss of €2,253 million.

Proposed appropriation of net income

At the Annual Shareholders' Meeting, shareholders will be asked to approve the appropriation of the net loss of €2,253 million plus retained earnings totaling €500 million, thus a total loss of €1,753 million, to other reserves.

The gross and net dividends per share in circulation as of the date of the Annual Shareholders' Meeting of the year of payment for the last three years were as follows:

In euros	Net dividend	Gross dividend
2005	1.16	1.16
2006	0.81	0.81
2007	0.71	0.71

Subsequent events

Nexity: Sale of ownership interest in Crédit Foncier

On January 29, 2009, Nexity and the CNCE signed the agreement finalizing the acquisition, announced by the CNCE in December 2008, of the 23.4% stake held by Nexity in Crédit Foncier de France.

Outlook for 2009

Proposed merger of BFBP and the CNCE

The last quarter of 2008 saw the announcement of the proposed merger of Groupe Banque Populaire and Groupe Caisse d'Epargne and the two parties signed a negotiation agreement setting out the discussion principles guiding this merger on November 12. The realization of this project, which creates great potential for sustained growth will be the key focus of the 2009 fiscal year.

6.4.7 Five-year financial summary

In euros	2004 CNCE	2005 CNCE	2006 CNCE	2007 CNCE	**2008 CNCE**
Capital as of Dec. 31					
Share capital	6,905,865,632	7,251,677,774	6,560,707,548	6,470,099,536	8,286,585,580
Number of shares (1)	452,843,648	475,519,854	392,488,698	500,278,083	543,382,661
Results of operations for the year					
Revenues	5,874,994,587	3,810,280,765	7,635,306,248	8,764,821,843	10,468,595,814
Net income before income tax, employee profit sharing, depreciation, amortization, impairment and provisions	825,520,624	374,893,131	4,663,796,689	2,198,781,543	672,128,372
Income tax	149,483,133	(152,781,257)	107,349,925	44,150,941	67,503,411
Net income for the year	776,800,149	608,445,223	4,401,723,795	1,590,255,191	(2,253,113,500)
Dividend paid (2)	656,513,688	551,603,031	317,915,845	357,216,450	0
Per share data (1)					
Revenues	13	8	19	18	19
Net income after income tax, employee profit sharing, but before depreciation, amortization, impairment and provisions	1.82	0.79	11.59	4.47	1.37
Income tax (3)	0.33	(0.32)	0.27	0.09	0.12
Net income for the year	1.72	1.28	11.21	3.18	(4.15)
Dividend allocated to each share	1.45	1.16	0.81	0.71	0.00
Employee data					
Average headcount	1,712	1,292	1,428	1,420	1,239
Managerial staff	*1,203*	*976*	*1,063*	*1,068*	*1,005*
Non-managerial staff	*509*	*316*	*365*	*352*	*234*
Total payroll	119,402,998	90,674,236	101,013,234	103,678,258	94,040,434
Amounts paid in employee benefits for the year		80,279,489	69,971,497	66,669,429	51,422,576

(1) In 2006 and 2007, per share data is calculated based on the number of shares on the day of the Annual Shareholders' Meeting.
(2) Subject to approval by the Annual Shareholders' Meeting.
(3) For its 2008 income taxes, the CNCE has decided in favor of the carryback option, in the amount of €130 million.

6.4.8 Authorizations granted to the Management Board

Nature and purpose of the authorization	*Amount in euros*	Period	Date of the Annual Shareholders' Meeeting	Use of the authorization
Authorization to increase the share capital in cash	500,000,000	26 months	10/17/2007	11/05/2007: €213,909,874.25 capital increase decided by the Management Board 12/10/2007: €38,542,941.50 capital increase decided by the Management Board 9/15/2007: €117,116,035 capital increase decided by the Management Board
Authorization to increase the share capital in cash	800,000,000	26 months	11/25/2008	Not used to date

6.4.9 Statutory Auditors' report on the parent company financial statements

Year ended December 31, 2008

Caisse Nationale des Caisses d'Epargne et de Prévoyance
5, rue Masseran
F-75007 Paris

To the Shareholders,

In compliance with the assignment entrusted to us by the Annual Shareholders' Meeting, we hereby report to you, for the year ended December 31, 2008, on:

- the audit of the accompanying parent company financial statements of the Caisse Nationale des Caisses d'Epargne et de Prévoyance;
- the justification of our assessments;
- the specific verifications and information required by law.

The parent company financial statements have been approved by the Management Board. Our role is to express an opinion on these financial statements based on our audit.

I. Opinion on the parent company financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, using sample testing techniques or other selection methods, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made, as well as evaluating the overall financial statement presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In our opinion, the parent company financial statements give a true and fair view of the Company's financial position and its assets and liabilities as of December 31, 2008, and of the results of its operations for the year then ended in accordance with the accounting rules and principles applicable in France.

Without qualifying the opinion expressed above, we draw your attention to Notes 2.1 and 2.2 to the parent company financial statements, which describe the change in accounting method pursuant to CRC Regulation 2008-17 of December 10, 2008, which authorizes the reclassification of certain financial assets.

II. Justification of our assessments

As presented in Note 1.3 to the parent company financial statements, the recent financial and economic crisis, which has resulted in a dramatic rise in volatility, a significant decrease in liquidity in certain markets, and has made the production of accurate economic and financial forecasts very difficult, has impacted credit institutions on a number of fronts, affecting in particular their activities, their earnings, their risks, and their ability to obtain refinancing. This situation has had particular consequences for the preparation of financial statements this year, especially with regard to accounting estimates. It is in light of these circumstances that, pursuant to the provisions of Article L. 823-9 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

Change in accounting policy

Notes 2.1 and 2.2 to the parent company financial statements describe the change in accounting policy pursuant to the option offered by CRC Regulation 2008-17 of December 10, 2008, which authorizes, under certain conditions, the transfer of some financial assets from the categories "securities held for trading" and "securities available for sale".

As part of our assessment of the accounting policies used by the Group, we verified that this change in accounting method was properly applied as well as the appropriateness of the disclosures provided to this effect in Note 3.14 to the parent company financial statements.

Accounting estimates

- As indicated in Note 2.1 to the parent company financial statements, the Company records impairment and provisions to cover the credit and counterparty risks inherent to its operations. We reviewed the control procedures put in place by the Company to monitor credit and counterparty risks, assess the risks of non-recovery and calculate impairment and provisions on an individual and portfolio basis.
- As mentioned in Note 1.3 to the parent company financial statements, the Company makes use of internal models and techniques to measure positions on financial instruments that are not quoted in active markets and for the recording of certain types of impairment. We reviewed the control procedures relating to the identification of a particular market as inactive, the validation of the models used, and the definition of parameters applied.
- Equity interests and other long-term investments are measured at their value in use, based on a multi-criteria approach, as described in Notes 1.3, 2.1 and 3.1.5 to the parent company financial statements. As part of our assessment of these estimates, we reviewed the data underlying the calculations of value in use for the main portfolio items.

These assessments were made in the context of our audit of the parent company financial statements taken as a whole, and therefore contributed to the opinion we formed, which is expressed in the first part of this report.

III. Specific verifications and information

We have also performed the specific verifications required by law in accordance with professional standards applicable in France.

We have no matters to report regarding:

- the fairness and the consistency with the financial statements of the information given in the management report of the Management Board, and in the documents addressed to the shareholders with respect to the financial position and the financial statements;
- the fairness of the information provided in the management report in respect of remuneration and benefits granted to certain company officers and other commitments made in their favor in connection with, or subsequent to, their appointment, termination or change in function.

Pursuant to the law, we have verified that the information relating to acquisitions of investments and controlling interests and the identity of the main shareholders have been properly disclosed in the management report.

Neuilly-sur-Seine and La Défense, April 2, 2009

The Statutory Auditors

PricewaterhouseCoopers Audit		**Mazars**	
Anik Chaumartin	Jean-Baptiste Deschryver	Michel Barbet-Massin	Charles de Boisriou

7 Information relating to the issuer

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7.1 Information relating to the company

7.1.1 Presentation of the company

Company name

The issuer's corporate name is Caisse Nationale des Caisses d'Epargne et de Prévoyance, abbreviated to CNCEP.

The Company's trade name is Caisse Nationale des Caisses d'Epargne, abbreviated to CNCE.

Registration number

383 680 220 with the Paris Trade and Companies Registry.

APE (business activity) code: 652C.

Date of incorporation and term of the company

The term of the company is set at 99 years and shall consequently expire on November 26, 2090, except in the event of earlier dissolution or extension.

Legal form of the issuer

The issuer is organized as a *société anonyme* (joint-stock corporation) governed by a Management Board and a Supervisory Board and subject to the laws and regulations in force and in particular Articles L. 225-57 to L. 225-93 of the French Commercial Code with respect to commercial companies, the provisions of the French Monetary and Financial Code with regard to credit institutions, notably Articles L. 512-85 *et seq.*, and the implementing decrees taken in this respect, as well as the company's bylaws. The company is a credit institution and is officially approved as a bank.

On this basis, it performs both in France and other countries the prerogatives granted to banks by the French Monetary and Financial Code, and provides the investment services provided for in Articles L. 321-1 and L. 321-2 of the above-mentioned Code, to all French or non-French clients, and in particular the Caisses d'Epargne.

The Caisse Nationale des Caisses d'Epargne was granted approval as a bank by the *Comité des établissements de crédit et des entreprises d'investissement* (CECEI, the French financial services authority) on October 27, 1999, when it was still called the Caisse Centrale des Caisses d'Epargne et de Prévoyance.

Pursuant to Article 29 of French Act No. 99-532 of June 25, 1999, during the Special Shareholders' Meeting and the Management Board meeting convened on September 29, 1999, the CNCE (previously known as the Caisse Centrale des Caisses d'Epargne et de Prévoyance) took over from the Centre National des Caisses d'Epargne et de Prévoyance as the central institution of Groupe Caisse d'Epargne as provided for by Articles L. 511-30, L. 511-31, and L. 511-32 of the French Monetary and Financial Code.

The issuer is governed by the laws of France.

Registered office: 5 rue Masseran, 75007 Paris, France

Business headquarters: 50, avenue Pierre Mendès-France, 75021 Paris cedex 13, France

Telephone: +33 (0)1 58 40 41 42

Website: *www.groupe.caisse-epargne.com*

7.1.2 Corporate purpose

The corporate purpose is defined in Article 2 of the bylaws.

The role of the company is to facilitate and promote the business activities and development of the Caisses d'Epargne et de Prévoyance and the whole of Groupe Caisse d'Epargne.

The purpose of the Company is:

I. to be the central institution of the network of Caisses d'Epargne and other affiliated entities, within the meaning of the French Monetary and Financial Code. In this capacity, its responsibilities include:

1° representing the network of Caisses d'Epargne, including as an employer, to assert its shared rights and interests,

2° negotiating and entering into national and international agreements in the name of the Caisses d'Epargne network, 3° drawing up standard-form bylaws for the Caisses d'Epargne and local savings companies,

4° creating or acquiring and overseeing any company or entity that is appropriate for the development of the business activities of the Caisses d'Epargne network, or acquiring interests in any such company or entity,

5° taking all administrative, financial, and technical measures with regard to the organization and management of the Caisses d'Epargne and their joint subsidiaries and entities, in particular with regard to IT resources,

6° taking any measures aimed at creating any Caisse d'Epargne or affiliated entity or at closing down any Caisse d'Epargne or affiliated entity, by means of liquidation, a merger or the sale of all or part of the ongoing business assets of any affiliated entity,

7° defining the products and services offered to customers and coordinating sales and marketing strategies,

8° pooling the surplus cash resources of the Caisses d'Epargne,

9° carrying out all financial transactions that are appropriate for the development and refinancing of the Caisses d'Epargne network, notably with respect to the management of liquidity and market risk exposure,

10° taking any and all measures that may be required by the organization, to ensure the proper functioning and development of the Caisses d'Epargne network, requesting the necessary contributions to fulfill its duties as a central institution,

11° providing guarantees for depositors and subscribers in accordance with Article L. 512-96 of the French Monetary and Financial Code and taking all measures required for this purpose; guaranteeing the liquidity and solvency of the affiliated entities, in accordance with Article L. 511-31 of the French Monetary and Financial Code,

12° ensuring that the Caisses d'Epargne duly fulfill the general interest assignments provided for in Article L. 512-85 of the French Monetary and Financial Code, in accordance with the guidelines laid down by Fédération Nationale des Caisses d'Epargne et de Prévoyance,

13° deciding on provisions relating to the status of authorized agents;

II. to be a credit institution, officially approved as a bank. In this respect, it conducts, both in France and abroad, all banking activities referred to by the French Monetary and Financial Code and provides the investment services referred to in Articles L. 321-1 and L. 321-2 of the French Monetary and Financial Code, to any French or non-French customers and, in particular, to the Caisses d'Epargne and all entities and companies contributing to the development of Groupe Caisse d'Epargne;

III. to act as an insurance intermediary, in accordance with regulations in force;

IV. to act as an intermediary for real estate transactions, in accordance with regulations in force;

V. to acquire and hold investments in companies contributing to the purposes defined above or to the development of Groupe Caisse d'Epargne and, more generally, to conduct all operations of any nature related directly or indirectly to these purposes and liable to facilitate their development or achievement.

7.1.3 Share capital

Ownership structure and voting rights

As of the date of publication of this document, the share capital is €8,286,585,580.25, divided into 543,382,661 fully paid-up shares with a par value of €15.25 each.

The shares are broken down into two classes, "A" and "B":

- class "A" shares ("A Shares"), representing the Company's ordinary shares;
- class "B" shares ("B Shares"), representing the preference shares issued by the Company in accordance with Articles L. 228-11 *et seq.* of the French Commercial Code. Subject to the provisions of the bylaws, the right of priority held by the B Shares as compared to the A Shares is determined on the basis of the issue price per B Share (€100) and not by reference to the par value of the B Shares (€15.25).

As of the date of publication of this document, there were a total of 527,392,661 A Shares and 15,990,000 B Shares outstanding; these totals may vary in accordance with the provisions of the bylaws.

The company has not issued any bonds that may be converted, exchanged or redeemed in the form of securities giving access to share capital, warrants or other securities. There are no shares granting multiple voting rights.

The Caisses d'Epargne wholly own the share capital and voting rights of the CNCE.

A shareholders holding more than 5% of voting rights	% of ordinary shares (voting rights)
Caisse d'Epargne Aquitaine Poitou-Charentes	7.554%
Caisse d'Epargne de Bourgogne Franche-Comté	5.231%
Caisse d'Epargne Bretagne-Pays de Loire	6.965%
Caisse d'Epargne Ile-de-France	13.914%
Caisse d'Epargne Lorraine Champagne-Ardenne	6.643%
Caisse d'Epargne Nord France Europe	7.751%
Caisse d'Epargne Normandie	5.058%
Caisse d'Epargne Provence-Alpes-Corse	7.697%
Caisse d'Epargne Rhône Alpes	8.200%

Changes in the share capital over the last five fiscal years

When the company was first created, a total amount of one billion French francs ("FRF") corresponding to ten million shares with a par value of FRF100 each, subscribed for and fully paid up, was initially contributed to the company.

Société Centrale de Trésorerie des Caisses d'Epargne (SCT) contributed, upon its merger with Société Centrale des Caisses d'Epargne et de Prévoyance pour l'Emission et le Crédit (SEC), its entire assets and liabilities in return for the allocation to the SCT shareholders of two million shares with a par value of FRF100 each, to be issued by SEC through an increase in its share capital. The share capital was converted into euros on November 8, 1999.

Date (of completion or recording)		Number of new shares	Change in share capital (excluding issue premium) *(in euros)*	Amount of share capital at year-end *(in euros)*
2004				
June 30, 2004	- Issue of B Shares	2,462,075	37,546,643.75	
	- Issue of 123,214,588 class "A" shares and 121,917,719 class "B" shares	245,132,307	3,738,267,681.25	
September 6, 2004	Payment of the 2003 dividend in shares	4,669,576	71,211,034.00	
December 6, 2004	Interim dividend payment in respect of 2004	10,082,691	153,761,037.75	6,905,865,632.00
2005				
September 6, 2005	Payment of the 2004 dividend in shares	22,676,206	345,812,141.50	7,251,677,773.25
2006				
June 19, 2006	Payment of the 2005 dividend in shares	27,429,308	418,296,947.00	
December 18, 2006	Share capital reduction via the buyback and cancellation of 138,312,586 shares (1)		2,109,266,936.50 *Share capital reduction*	
December 20, 2006	Issue of new shares in cash or by offsetting against liquid and payable receivables held with regard to the company. The shares were issued in favor of all shareholders with the exception of CDC Holding Finance, which waived its right to subscribe to the capital increase	65,573,755	999,999,763.75	6,560,707,547.75

Date (of completion or recording)		Number of new shares	Change in share capital (excluding issue premium) *(in euros)*	Amount of share capital at year-end *(in euros)*
2007				
January 29, 2007	Share capital reduction via the buyback and cancellation of 37,721,633 shares [1]		575,254,903.25 *Share capital reduction*	
May 28, 2007	Payment of the 2006 dividend in shares	15,225,868	232,194,487.00	
November 26, 2007	Issue of new shares	14,026,863	213,909,660.75	
December 31, 2007	Issue of new shares	2,527,393	38,542,743.25	6,470,099,535.50
2008				
March 10, 2008	Interim dividend payment in respect of 2007	7,633,202	116,406,330.50	
March 27, 2008	Issue of new class “A” shares	68,376,059	1,042,734,899.75	
March 27, 2008	Issue of class “B” preference shares	15,990,000	1,599,000,000	
May 19, 2008	Payment of the 2007 dividend in class “A” shares	7,632,450	116,394,862.50	
September 30, 2008	Issue of new class “A” shares	7,679,740	117,116,035	
December 9, 2008	Issue of new class “A” shares	11,802,388	179,986,417	8,286,585,580.25

(1) This share capital reduction falls within the scope of the agreement concluded between the CNCE, CDC, and CDC Holding Finance on November 16, 2006.

Current and valid delegations of authority granted by the Extraordinary Shareholders’ Meeting to the Management Board and their use in 2007 and 2008

Extraordinary Shareholders’ Meeting of October 17, 2007

Amount: €500 million

Validity: 26 months as from October 17, 2007

Use:

- as decided by the Management Board meeting of November 5, 2007, capital increase carried out on November 26, 2007 in the amount of €213,909,660.75;
- as decided by the Management Board meeting of December 10, 2007, capital increase carried out on December 31, 2007 in the amount of €38,542,743.25;
- as decided by the Management Board meeting of September 15, 2008, capital increase carried out on September 30, 2008 in the amount of €117,116,035.

Extraordinary Shareholders’ Meeting of November 25, 2008

Amount: €800 million

Validity: 26 months as from November 25, 2008

Use: none to date.

This new delegation of authority replaced that granted by the Extraordinary Shareholders’ Meeting of October 17, 2007.

As of the date of publication of this document, there are no other outstanding authorizations granted by the Shareholders’ Meeting to the Management Board in respect of capital increases.

Rights, privileges and restrictions attached to each class of existing shares

Shares (as defined in the bylaws, i.e., both A Shares and B Shares) must be held in registered form. They shall be registered in an account kept by the company or by an approved intermediary. In order to be duly and properly made, all transfers of shares must be made in compliance with the provisions of the bylaws and those of the French Monetary and Financial Code. Shares are indivisible as far as the company is concerned. The voting right attached to A Shares belongs to the beneficial holder at Ordinary General Meetings of A Shareholders and to the bare owner at Extraordinary General Meetings of A Shareholders. The voting right attached to B Shares belongs to the bare owner at Special General Meetings of B Shareholders. Joint owners of shares are represented at Shareholders’ Meetings by any of their number or by a joint representative. In the event of disagreement, the representative of joint owners shall be appointed by the courts at the request of the first joint owner to refer the matter to the courts. The voting right is exercised by the owner of pledged shares.

Transfers of A Shares whether for or without consideration in favor of a shareholder's ascendants, descendants, or spouse as well as transfers between A Shareholders shall be carried out freely provided that they do not breach the provisions of the French Monetary and Financial Code.

Any transfer of A Shares to a non-A Shareholder third party is subject to the approval of the Supervisory Board under the conditions provided for in the bylaws. By way of exception to the foregoing, transfers of one A Share, and one A Share only, made to any person in order for such person to remain or become a member of the Supervisory Board are not subject to prior approval by the Supervisory Board, provided that the transferor obtains a prior written undertaking from the transferee to transfer this A Share back to the transferor upon the expiration of his/her term of office as a member of the Supervisory Board. In addition, it is to be understood that this person may not acquire other A Shares without complying with the provisions of the bylaws as if such person were not a shareholder.

Any transfer of B Shares to holders of A Shares and/or B Shares shall be carried out freely. Any other sale or transfer of B Shares to a third party shall be subject to the approval procedure set out in the bylaws.

Each A Share entitles the holder to the same rights as any other A Share in respect of the corporate assets, under the terms and conditions provided for in Article 41 of the bylaws with regard to liquidation and, furthermore, to the same share in the profits as any other A Share under the terms and conditions set out in the bylaws. Each A Share gives the right to participate in General Meetings of A Shareholders under the conditions set by law and the bylaws, and to vote on resolutions to be adopted by A Shareholders. It does not give a right to participate in Special Meetings of B Shareholders and to vote on resolutions to be adopted by B Shareholders.

Each B Share entitles the holder to the same rights as any other B Share in respect of the corporate assets and moreover to the same share in the profits as each other B Share under the terms and conditions set in the bylaws. Each B Share gives the right to participate in Special Meetings of B Shareholders under the conditions set forth by law and the bylaws. It does not give a right to participate in General Meetings of A Shareholders and to vote on resolutions to be adopted by A Shareholders. Each B Shareholder has the same rights to information as those provided for by law and the bylaws to A Shareholders.

Whenever a shareholder is required to own a certain number of shares to exercise a right, it is the responsibility of the owners who do not hold such number of shares to personally arrange to group together the number of shares required or, if necessary, to purchase or sell the number of shares or rights required in compliance with the conditions set by the bylaws.

The company may convert all or some of the B Shares into A Shares at any time, under certain conditions. The B Shares thus converted shall be definitively deemed to be identical to the A Shares as of the date of conversion.

The Ordinary General Meeting of A Shareholders shall have the right, pursuant to a recommendation by the Management Board, to appropriate any sum it may deem appropriate either to retained earnings or to one or more extraordinary, general or special reserve funds. These reserve funds may be used for any purposes decided by the General Meeting of A Shareholders, on the proposal of the Management Board. The Annual Meeting of A Shareholders may also decide, on a proposal of the Management Board, to distribute a dividend taken from all or part of the distributable amounts, under the conditions provided for in the bylaws.

Any distribution of distributable amounts by the company to its shareholders shall be allocated:

- firstly to B Shareholders for the amount of the Preferential Dividend (as defined below);
- any remaining balance being allocated to the A Shareholders, it being specified that in consequence no dividend may be distributed to the A Shareholders if the full amount of the Preferential Dividend payable to the B Shareholders during the fiscal year has not been distributed in its entirety.

The amount of the Preferential Dividend payable to B Shareholders in respect of each fiscal year shall be determined in accordance with the provisions of the bylaws, it being specified however that the Ordinary General Meeting of A Shareholders may, in respect of any fiscal year, decide not to distribute any dividend (including the Preferential Dividend) or to only distribute part of such dividend, in particular in order to comply with the company's prudential obligations, and more generally the applicable banking regulations. If all or part of the Preferential Dividend is not distributed in respect of any fiscal year, the B Shareholders shall not have any rights in respect of the Preferential Distribution amounts not distributed in respect of such fiscal year and the company shall have no obligation with regard to the B Shareholders in respect of such amounts.

The Preferential Dividend payable per B Share in respect of each fiscal year shall be calculated on the basis of an interest rate equal to 12-month Euribor, plus the margin decided by the Management Board or the Shareholders' Meeting, as applicable, in its decision to issue the B Shares, such margin amounting to a maximum of 5% per annum. It shall be payable annually by June 30 of each year at the latest.

The Ordinary General Meeting of A Shareholders shall have the possibility to give each A or B Shareholder, with regard to all or part of the dividend distributed, including any distribution of a Preferential Dividend or interim dividend, an option between payment of the dividend in cash or in A or B Shares, as applicable.

Shares required to modify the rights of shareholders

The bylaws do not contain any stricter provision than those required by ordinary law in this respect.

Provisions of the certificate of incorporation, the bylaws, a charter, or regulations of the issuer which could have the effect of delaying, postponing, or preventing a change in its control

In accordance with the provisions of Article L. 512-94 of the French Monetary and Financial Code, the Caisses d'Epargne are required to jointly hold at least an absolute majority of the share capital and voting rights of the Caisse Nationale des Caisses d'Epargne.

7.1.4 Legal and arbitration proceedings

Claims regarding the distribution of Livret A savings accounts

On May 10, 2007, the European Commission ordered the French authorities to amend their legislation relating to the distribution of Livret A savings accounts within nine months, on the basis that these special rights violated the principles of freedom of establishment and freedom to provide services laid down under Articles 43 and 49 of the EC Treaty. The Commission considered that the special distribution rights granted to the credit institutions having distributed these products to date constitute restrictions that are incompatible with Community law and are not essential to ensuring the provision of the general economic interest services carried out by the distribution networks, namely the financing of social housing and the accessibility of basic banking services.

On July 23, 2007, the French government lodged an appeal with the European Court of First Instance against the European Commission's decision. The Caisses d'Epargne also brought an action for annulment on July 30, 2007 before the same court. Following the filing of the response brief by the European Commission in November 2007, the CNCE filed its own response brief on February 7, 2008. The French Government and La Banque Postale are also pursuing their actions and filed their response briefs in February 2008. As the written phase of the proceedings is now closed, the European Court of First Instance will select a hearing date in 2009, unless any of the parties applies to withdraw from the proceedings.

In parallel with this appeal, the French government began the process of reforming the distribution of the Livret A savings accounts while continuing to provide the general economic interest services involving the financing of social housing and the accessibility of banking services, as requested by the Commission.

On August 4, 2008, this reform was ratified as part of law 2008-776 on the modernization of the economy (LME), published in French Official Journal No. 0181 of August 5, 2008. Pursuant to Articles 145 *et seq* of this law, all credit institutions may distribute Livret A savings accounts with effect from January 1, 2009.

In addition, the commission paid to the banking networks distributing Livret A savings accounts was reduced by decree in January 2009. This reduction is to be offset through additional remuneration paid to the Caisses d'Epargne network, La Banque Postale and Crédit Mutuel, in accordance with terms and conditions specific to each institution to be set by decree. In order to encourage banks to promote the Livret A product, they will be authorized to retain a portion of the deposits collected beyond a certain threshold. The terms and conditions for centralization with the *Caisse des dépôts et consignations* (CDC) have been set forth by decree and will be specified in the form of agreements concluded between the CDC and each banking group.

The extension of the right to distribute Livret A savings accounts to other banking groups may have an adverse effect on the net banking income of the Caisses d'Epargne. In 2008, Groupe Caisse d'Epargne recorded net banking income of €740 million in respect of its distribution of Livret A savings accounts. At this stage, it is not possible to make an accurate assessment of the impact that this measure will have on the net banking income and results of the Caisses d'Epargne in the years to come.

AMF notices relating to the issuance and marketing of subordinated redeemable securities by Groupe Caisse d'Epargne

Following the investigation opened on September 10, 2004 by the *Autorité des marchés financiers* (**AMF**, the French financial markets authority) with regard to the terms and conditions of issue by the CNCE and marketing by the Caisses d'Epargne of subordinated redeemable securities (*titres subordonnés remboursables*, **TSR**) as from June 2002, on September 11, 2006, the AMF issued letters constituting statements of objections both to the CNCE and to ten of the Caisses d'Epargne. In the statements of objection sent to the ten Caisses d'Epargne, the AMF criticizes these entities for: (ii) having procured the subscription of subordinated redeemable securities issued by the CNCE on the primary market, whereas clients could have purchased such securities or substantially identical securities under better conditions on the secondary market, and (ii) having marketed these securities in violation of a number of regulatory requirements, in particular those regarding the duty to provide subscribers with information and appropriate advice. In its letter to the CNCE, the AMF indicates that the CNCE might be considered to have committed two types of failure to act appropriately: (i) in connection with the preparation and implementation of the system for issuing, listing, and placing the securities, by providing the public with information that was inaccurate in part (subscription dates and acquisitions by the Caisses d'Epargne), and (ii) by neglecting its duties as the entity overseeing the Caisses d'Epargne and thus its obligation to protect the savings of retail customers (reference was made to the objections lodged against the Caisses d'Epargne). After having analyzed these statements, the CNCE and the Caisses d'Epargne submitted their observations to the AMF before December 1, 2006.

The rapporteur appointed by the AMF's Sanction Commission delivered his report on April 23, 2008, in which he found in favor of the exoneration of the CNCE as much with respect to its status as issuer as in its role as central institution. He dismissed the objections lodged against the Caisses d'Epargne in connection with the invoicing of investment commissions and the alleged provision of faulty advice for not having proposed to customers, in lieu of the subordinated redeemable securities (TSR) issued, existing TSRs on the secondary market. He proposed a scale of sanctions for other objections not dismissed.

The Sanction Commission, which met to discuss this matter on June 5, 2008, absolved the CNCE of any wrongdoing, but imposed pecuniary commissions on the Caisses d'Epargne against which objections had been lodged (decision published on June 20, 2008 on the AMF's website). The Caisses d'Epargne have appealed this ruling.

Borrowers' insurance

The French consumer association *UFC-Que Choisir* has made claims against insurance companies and banks with regard to the borrowers' insurance entered into by their clients within the scope of real estate loan transactions. Legal proceedings have been brought by *UFC-Que Choisir* before the *Tribunal de Grande Instance* (Paris Regional Court, TGI) against CNP, the CNCE and the Caisses d'Epargne, requesting that the share in the profits made on these insurance contracts should be paid over to the borrowers.

Groupe Caisse d'Epargne acts in full compliance with the regulations concerning collective insurance contracts that it enters into with insurance companies, particularly CNP, the market leader. The Group thereby allows its customers to benefit from the collective price negotiated under these agreements if they choose this type of contract.

With regard to the remuneration received by Groupe Caisse d'Epargne for the placement of these contracts, it is not currently allocated a share in the profits, as may have been alleged, but is paid a commission by the insurer. This commission is a uniform practice that applies to all the insurance products distributed by Groupe Caisse d'Epargne. In this regard, it performs a certain number of tasks on behalf of the insurer as it is the only entity that is in contact with the client entering into the insurance policy: distribution of the insurance product, management of the contract throughout its lifetime, and administrative procedures in the event of a claim.

The main French banks [1], in view of the statements made by the President of *UFC-Que Choisir* and employees of this organization, consider that some of these remarks are of a defamatory nature, and have decided to take appropriate legal action in light of the serious nature of the facts. The French Banking Federation (FBF) has decided to join this action.

Proceeding before the *Conseil de la Concurrence* relating to truncated check exchange

On March 18, 2008, the CNCE, along with other French banks, received a statement of objections from the *Conseil de la Concurrence* (the French antitrust authority). The banks are accused of having collectively established and determined the amount of the fee collected for the clearing of checks in the form of images via the French interbank teleclearing system as well as related check fees. A risk of financial penalties exists in this matter, but to an extent which is difficult to evaluate at this stage. The investigation is still ongoing and the *Conseil de la Concurrence* is presently hearing expert evidence.

No other proceedings are currently pending before a governmental authority, court, or arbitration tribunal that are liable to have a material impact on Groupe Caisse d'Epargne's results, financial position or business activities.

7.1.5 Significant changes in the issuer's financial position

No significant change in the financial or business position of the company or the Group has occurred since December 31, 2008.

On February 24 and 26, 2009, BFBP's Board of Directors and the CNCE's Supervisory Board approved the merger principles for the creation of a new institution joining their two central bodies. This new entity is to serve as

(1) *BNP Paribas, the CNCE and the Caisses d'Epargne, Crédit Agricole S.A., Groupe Banque Populaire, Groupe CIC, Société Générale.*

the central institution for both the Banques Populaires and Caisses d'Epargne networks, held equally between the two groups.

In support of this merger plan, the French government has stated that it intends to subscribe to preference shares without voting rights and undated super-subordinated notes (TSSDI) to be issued by the new central body, for an amount not to exceed €5 billion. Under certain conditions, the preference shares will be convertible into ordinary shares, meaning that the French state would be able to obtain a maximum stake of 20% in the new central institution.

Both parties to the merger are continuing their work and plan to request the necessary authorizations with the intention of signing the final agreements by the end of the first half of 2009.

7.1.6 Major contracts

Agreements concluded with the French government

Caisse Nationale des Caisses d'Epargne et de Prévoyance, on behalf of Groupe Caisse d'Epargne, concluded with the French government:

- on October 23, 2008, an agreement relating to the new state guarantee scheme for the financial sector;
- on December 9, 2008, an agreement relating to the new scheme for the subscription of subordinated notes by the French state;

under which Groupe Caisse d'Epargne, in exchange for access to refinancing and the capital injection scheme, made a certain number of commitments concerning access to credit by individuals, companies and local authorities and the compensation of directors and market operators.

Amendment to the shareholders' agreement with regard to the capital of Natixis

The shareholders' agreement, entered into on November 17, 2006, provides in particular for an undertaking by Banque Fédérale des Banques Populaires (BFBP) and the Caisse Nationale des Caisses d'Epargne (CNCE) not to purchase or subscribe to Natixis shares on the market, over the counter or in any other way except in the cases strictly provided for, during the stability period covering an initial term of 10 years.

On August 7, 2007, the CNCE and BFBP entered into an amendment to this agreement, whereby they agreed that they could carry out joint purchases of Natixis shares on the market until December 31, 2007.

By letter dated November 9, 2007, the parties acting in concert, consisting of BFBP and the CNCE, informed the AMF, pursuant to Article 234-5 of this body's General Regulations, that, as of November 8, 2007, they held 842,072,854 Natixis shares, representing 68.94% of that company's capital.

On September 3, 2008, the CNCE and BFBP entered into a new amendment to the shareholders' agreement extending the possibility of carrying out joint purchases of Natixis shares on the market until December 31, 2008, with the understanding that the total number of shares acquired (including acquisitions already carried out during the previous 12 months) could not exceed 2% of this entity's capital, in terms of either shares or voting rights.

Pursuant to this amendment, the CNCE acquired on the market (as did BFBP for its part in identical amounts):

- in October 2008: 17,992,973 Natixis shares for an investment of €36,918,780.16;
- in November 2008: 1,708,201 Natixis shares for an investment of €2,610,140.39;
- in December 2008: 1,338,121 Natixis shares for an investment of €2,069,183.57.

In addition, under the authorization granted by the Shareholders' Meeting of Natixis, meeting in extraordinary session on August 29, 2008, a capital increase was effected in the amount of €2,629,967,995.20, issued with a total share premium of €1,068,424,498.05, for a total amount of €3,698,392,493.225 subscribed by BFBP and the CNCE in respect of their pro rata entitlements and by offsetting against their liquid and payable receivables.

This subscription to the Natixis capital increase by the CNCE resulted in a total investment of €1,290,613,574.25 as of September 30, 2008, conferring entitlement to 573,606,033 new shares, equivalent to an ownership interest of 34.897% as of this same date.

Following these transactions and as of December 31, 2008, the CNCE held 1,035,930,730 shares and 35.622% of the capital of Natixis.

The CNCE has not entered into any other major contracts during the year, other than those entered into in the normal course of business, that would represent a material obligation or undertaking for the Group as a whole.

7.1.7 Documents on display

A number of documents relating to the CNCE (bylaws, historical financial information for each of the two fiscal years prior to the publication of this document) are partly included in this Registration document and may be consulted at the CNCE's business headquarters.

All regulatory information is accessible via the website *www.groupe.caisse-epargne,* on the "Regulated Information – AMF" page of the "Investor Relations" section.

This Registration document is available on the website of the AMF (www.amf-france.org) and on the Group's Web site (www.groupe.caisse-epargne.com). A copy of the Registration document may also be obtained by sending a written request to the following address: CNCE, Direction de la Communication Groupe, 50, avenue Pierre Mendès-France, F-75201 Paris cedex 13, France.

The Group has prepared a report on outstanding loans granted to SMEs as of December 31, 2008, as set out by the French Banking Federation's working group on transparency of communication concerning banks' commercial lending activities. The report is available on the Group's website (www.groupe.caisse-epargne.com, in French only), and a copy of this document may be also be obtained by sending a written request to the following address: CNCE, Direction de la Communication Groupe, 50, avenue Pierre-Mendès-France, F-75201 Paris cedex 13, France.

Publications by the Caisse Nationale des Caisses d'Epargne

The table on annual information shown below lists the information published or made public over the last 12 months by the Caisse Nationale des Caisses d'Epargne in compliance with the laws and regulations concerning financial instruments, issuers of financial instruments and financial instrument markets as required by Article 222-7 of the AMF's General Regulations, as amended by the decree of January 4, 2007.

Registration documents

- The following documents were published on the Group's website (*www.groupe.caisse-epargne.com*) and on the AMF's website (*www.amf-france.org*):

Date of publication	Type of document
04/16/2008	Registration document (filed with the AMF under number D. 08-0252)
08/29/2008	First update to the Registration document (filed with the AMF under number D. 08-0252-A01)
09/22/2008	Second update to the Registration document (filed with the AMF under number D. 08-0252-A02)
11/14/2008	Third update to the Registration document (filed with the AMF under number D. 08-0252-A03)
01/19/2009	Fourth update to the Registration document (filed with the AMF under number D. 08-0252-A04)

Prospectuses and offering circulars

- The following documents were published on the Group's website (*www.groupe.caisse-epargne.com*) and on the AMF's website (*www.amf-france.org*):

Date of publication	Type of document
06/03/2008	Prospectus relating to the issuance and admission to listing of ordinary bonds AMF Visa No. 08-113 – BALO No. 69 dated June 6, 2008
09/23/2008	Prospectus relating to the issuance and admission to listing of ordinary bonds AMF Visa No. 08-199 – BALO No. 117 dated September 26, 2008
11/18/2008	Prospectus relating to the issuance and admission to listing of ordinary bonds AMF Visa No. 08-248
01/20/2009	Prospectus relating to the issuance and admission to listing of subordinated redeemable notes (TSR) AMF Visa No. 09-013

- The following documents were published on the Group's website (*www.groupe.caisse-epargne.com*) and on the website of the Luxembourg Stock Exchange (*www.bourse.lu*) and approved by the Luxembourg Stock Exchange and/or the CSSF (financial sector oversight body in Luxembourg):
  - Euro Medium Term Notes (EMTN) issuance program:

Date of publication	Type of document
04/18/2008	Sixth supplement to the base prospectus of the Euro Medium Term Notes (EMTN) issuance program, dated July 30, 2007
06/03/2008	Seventh supplement to the base prospectus of the Euro Medium Term Notes (EMTN) issuance program, dated July 30, 2007
06/24/2008	Base prospectus of the Euro Medium Term Notes (EMTN) issuance program, dated June 24, 2008
07/04/2008	First supplement to the base prospectus of the Euro Medium Term Notes (EMTN) issuance program, dated June 24, 2008
09/03/2008	Second supplement to the base prospectus of the Euro Medium Term Notes (EMTN) issuance program, dated June 24, 2008
10/10/2008	Third supplement to the base prospectus of the Euro Medium Term Notes (EMTN) issuance program, dated June 24, 2008
11/21/2008	Fourth supplement to the base prospectus of the Euro Medium Term Notes (EMTN) issuance program, dated June 24, 2008
03/11/2009	Fifth supplement to the base prospectus of the Euro Medium Term Notes (EMTN) issuance program, dated June 24, 2008

  - Documents relating to the issuance and admission to listing of medium and long-term bonds as part of the Euro Medium Term Notes (EMTN) issuance program: Final Terms

    Dates of publication:

    04/15/2008, 04/22/2008;

    05/07/2008, 05/13/2008, 05/19/2008, 05/20/2008, 05/27/2008, 05/28/2008;

    06/05/2008, 06/06/2008, 06/16/2008 (2 issuances);

    07/09/2008, 07/15/2008, 07/22/2008, 07/31/2008 (2 issuances);

    08/04/2008, 08/22/2008 (3 issuances), 08/28/2008.

- The following documents were published on the Group's website (*www.groupe.caisse-epargne.com*) and on the website of the Swiss stock exchange (SIX Swiss Exchange, *www.six-swiss-exchange.com*):
  - Prospectus relating to the issuance and admission to listing of medium and long-term bonds (CHF250,000,000 floating rate notes due May 2010)

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Notices of Shareholders' Meetings and other periodic publications published in the *Bulletin des annonces légales obligatoires (BALO)*

Date of publication	BALO No.	Type of document
04/21/2008	48	Quarterly report for the three months ended December 31, 2007
06/13/2008	72	Parent company and consolidated financial statements for the year ended December 31, 2007
08/25/2008	103	Notice of meeting: Combined Shareholders' Meeting of September 30, 2008
08/27/2008	104	Quarterly report for the three months ended March 31, 2008
09/10/2008	110	Quarterly report for the three months ended June 30, 2008
10/20/2008	127	Notice of meeting: Combined Shareholders' Meeting of November 25, 2008
12/12/2008	150	Quarterly report for the three months ended September 30, 2008
02/25/2009	24	Notice of meeting: Special Shareholders' Meeting of March 31, 2009
02/25/2009	24	Notice of meeting: Combined Shareholders' Meeting of March 31, 2009

7.1.8 Person responsible for the information contained in this document

Group Finance Director

Mr. Pierre Nuyts

+33 (0)1 58 40 02 03

7.1.9 Statutory Auditors

Principal Statutory Auditors

Mazars
Tour Exaltis
61, rue Henri-Regnault
F-92400 Courbevoie
France

PricewaterhouseCoopers Audit
63, rue de Villiers
F-92208 Neuilly-sur-Seine cedex
France

Mazars was appointed as Statutory Auditor at the Ordinary Shareholders' Meeting of May 26, 2004 for a term of six years expiring at the close of the Ordinary Shareholders' Meeting convened to approve the financial statements for the year ending December 31, 2009.

Mazars, represented by Michel Barbet-Massin and Charles de Boisriou, is a member of the CRCC (French regional association of statutory auditors) of Versailles.

The appointment of PricewaterhouseCoopers Audit as Statutory Auditor was renewed at the Ordinary Shareholders' Meeting of May 26, 2004 for a term of six years expiring at the close of the Ordinary Shareholders' Meeting convened to approve the financial statements for the year ending December 31, 2009. PricewaterhouseCoopers Audit, represented by Anik Chaumartin and Jean-Baptiste Deschryver, is a member of the CRCC of Versailles.

Mazars and PricewaterhouseCoopers Audit are registered as Statutory Auditors (members of the *Compagnie Nationale des Commissaires aux Comptes*, the French national institute of statutory auditors) and are placed under the authority of the *Haut Conseil du Commissariat aux Comptes* (French accounting regulator).

Alternate Statutory Auditors

Mr. Patrick de Cambourg,
Tour Exaltis, 61, rue Henri Regnault,
F-92400 Courbevoie, France

Mr. Pierre Coll,
63, rue de Villiers,
F-92208 Neuilly-sur-Seine cedex, France

Table of fees paid to Statutory Auditors

Including non-deductible taxes, expenses and out-of-pocket expenses	**PricewaterhouseCoopers Audit**		PricewaterhouseCoopers Audit		**Mazars**		Mazars	
	2008		2007		**2008**		2007	
In thousands of euros	**Amount**	**%**	Amount		**Amount**	**%**	Amount	%
Audit								
Statutory audit, review of parent company and consolidated financial statements	4,616	93.3%	5,354	91.1%	3,582	98.4%	2,352	94.3%
- Issuer	*917*	*18.5%*	*862*	*14.7%*	*919*	*25.3%*	*742*	*29.8%*
- Fully consolidated subsidiaries	*2,772*	*56.0%*	*2,237*	*38.1%*	*1,320*	*36.3%*	*707*	*28.3%*
- Proportionately consolidated subsidiaries	*927* (1)	*18.7%*	*2,255* (1)	*38.4%*	*1,343* (1)	*36.9%*	*903* (1)	*15.4%*
Other audit procedures and incidental assignments relating directly to the statutory audit engagement	105	2.1%	523	8.9%	57	1.6%	142	5.7%
- Issuer	*28*	*0.6%*	*229*	*3.9%*	*26*	*0.7%*	*46*	*1.8%*
- Fully consolidated subsidiaries	*55*	*1.1%*	*180*	*3.1%*	*9*	*0.2%*	*70*	*2.8%*
- Proportionately consolidated subsidiaries	*22* (1)	*0.4%*	*114* (1)	*1.9%*	*22* (1)	*0.6%*	*26* (1)	*1.0%*
Sub-total	**4,721**	**95.4%**	**5,877**	**100%**	**3,639**	**100.0%**	**2,494**	**100.0%**
Services provided by members of the Statutory Auditors' networks to fully consolidated subsidiaries								
Tax, legal and payroll	14	0.3%	0	0.0%	0	0.0%	0	0.0%
Other	212	4.3%	0	0.0%	0	0.0%	0	0.0%
Sub-total	**226**	**4.6%**	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**
TOTAL	**4,947**	**100.0%**	**5,877**	**100.0%**	**3,639**	**100%**	**2,494**	**100%**

(1) Fees paid by Natixis and its subsidiaries are now included in the Group's income statement in proportion to the CNCE group's interest in the capital of Natixis.

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7.2 Statutory Auditors' Special Report on regulated agreements and commitments with third parties

This is a free translation into English of the Statutory Auditors' special report issued in the French language and is provided solely for the convenience of English speaking readers.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Year ended December 31, 2008

Caisse Nationale des Caisses d'Epargne et de Prévoyance

5, rue Masseran

75007 Paris

To the Shareholders,

In our capacity as Statutory Auditors of the Caisse Nationale des Caisses d'Epargne, we hereby report to you on regulated agreements and commitments with third parties.

7.2.1 Agreements and commitments approved during the year

In application of Article L. 225-88 of the French Commercial Code (*Code de commerce*), we were informed of the agreements and commitments approved by your Supervisory Board.

Our responsibility does not include identifying any undisclosed agreements or commitments. We are required to report to shareholders, based on the information provided, about the main terms and conditions of agreements and commitments that have been disclosed to us, without commenting on their relevance or substance. According to the provisions of Article R. 255-58 of the French Commercial Code, it is the responsibility of shareholders to determine whether the agreements and commitments are appropriate and should be approved.

For this purpose we have performed the procedures we felt were necessary in accordance with the relevant rules and recommendations of the *Compagnie Nationale des Commissaires aux Comptes* (CNCC, the French national institute of statutory auditors). These procedures consisted in verifying that the information disclosed to us was consistent with the source documents from which it was taken.

GCE Covered Bonds debt waiver

Corporate officer concerned at the date of the transaction: Charles Milhaud, Chairman of the Management Board of the CNCE and the legal representative of the CNCE in his capacity as Chairman of SAS GCE SNL 07.

CNCE decided to set up a credit institution to be named GCE Covered Bonds, to serve as a new refinancing vehicle for the GCE.

A pre-existing shell company (SAS GCE SNL 07) was used for this purpose and converted into a *société anonyme*.

In light of the expenses previously borne by this vehicle, the CNCE's Management Board decided to grant it a €10,000 current account advance and to waive this amount of debt to enable the company to recapitalize its equity.

At its meeting of January 31, 2008, the Supervisory Board approved the signing of the debt waiver agreement to be executed between SAS GCE SNL 07 and the CNCE.

The CNCE recognized an expense of €10,000 for this transaction.

Agreements related to the GCE Covered Bonds issuance program

Corporate officers concerned at the date of the transaction: Charles Milhaud, Chairman of the Management Board of the CNCE and Chairman of the Supervisory Board of Natixis; Nicolas Mérindol, Chief Executive Officer and member of the Management Board of the CNCE and its permanent representative on the Natixis Supervisory Board; Bernard Comolet, Vice-Chairman of the CNCE Supervisory Board and Vice-Chairman of the Natixis Supervisory Board.

Issuing covered bonds will enable the GCE to increase its medium and long-term refinancing in accordance with its development needs. This program has enabled a refinancing vehicle to be created, GCE Covered Bonds, capable of issuing covered bonds and obtaining an AAA credit rating.

Collateral Security Agreement between the CNCE, GCE Covered Bonds and the other security providers (CFF and the individual Caisses d'Epargne)

The Supervisory Board was unable to approve this agreement at its meeting of April 17, 2008 since almost all Supervisory Board members were concerned. The agreement was therefore approved directly at the Annual Shareholders' Meeting of April 17, 2008.

The following regulated agreements are subsidiary to the Collateral Security Agreement, which specifies the terms under which collateral security is to be provided for home loan receivables.

Issuer Accounts Pledge Agreement between the CNCE, GCE Covered Bonds and Natixis

At its meeting of April 17, 2008, the Supervisory Board approved the signing of the Issuer Accounts Pledge Agreement between GCE Covered Bonds (as Pledgor and Issuer), the CNCE (as Administrator) and Natixis (as Issuer Security Agent acting in the name and on behalf of the Covered Bond holders).

Receivables Pledge Agreement between the CNCE, GCE Covered Bonds and Natixis

At its meeting of April 17, 2008, the Supervisory Board approved the signing of the Receivables Pledge Agreement between GCE Covered Bonds (as Pledgor and Issuer), the CNCE (as Administrator) and Natixis (as Issuer Security Agent acting in the name and on behalf of the Covered Bond holders).

Dealer Agreement between the CNCE, GCE Covered Bonds and Natixis

At its meeting of April 17, 2008, the Supervisory Board approved the signing of the Dealer Agreement between GCE Covered Bonds (as Issuer), BNP Paribas, HSBC France and Natixis (as Arrangers and Permanent Dealers) and the CNCE (as Permanent Dealer).

Asset Monitor Agreement between CNCE, GCE Covered Bonds and Natixis

At its meeting of April 17, 2008, the Supervisory Board approved the signing of the Asset Monitor Agreement between GCE Covered Bonds (as Issuer), the CNCE (as Administrator and Issuer Calculation Agent) and Natixis (as Issuer Security Agent).

Master Definitions and Construction Agreement between the CNCE, GCE Covered Bonds and Natixis

At its meeting of April 17, 2008, the Supervisory Board approved the signing of the Master Definitions and Construction Agreement between GCE Covered Bonds (as Issuer and Lender), the CNCE (as Administrator, Borrower, Issuer Accounts Bank, Issuer Calculation Agent, Collateral Security Agent and Cash Collateral Provider) and Natixis (as Issuer Security Agent).

Amendment of the draft GCE Covered Bonds Borrower Facility Agreement

Corporate officers concerned at the date of the transaction: Charles Milhaud, Chairman of the Management Board of the CNCE and Chairman of the Supervisory Board of Natixis; Nicolas Mérindol, Chief Executive Officer and member of the CNCE Management Board and CNCE permanent representative on the Natixis Supervisory Board; Bernard Comolet, Vice-Chairman of the CNCE Supervisory Board and Vice-Chairman of the Natixis Supervisory Board.

After the Supervisory Board meeting of April 17, 2008, which authorized the general refinancing transaction, discussions with credit-rating agencies led to the conclusion that the Borrower Facility Agreement to be entered into between GCE Covered Bonds and the CNCE should be amended.

This amendment would require that the fund reserves to be provided by the CNCE, in the event that its credit rating is lowered, be used as collateral to secure the amounts that it owes under the Borrower Facility Agreement.

At its meeting of May 29, 2008, the Supervisory Board approved the pledging of collateral by the CNCE pursuant to the Borrower Facility Agreement.

These transactions had no impact on the 2008 financial statements.

Partnership Agreement with Nexity

Corporate officers concerned at the date of the transaction: Charles Milhaud, Chairman of the CNCE Management Board and member of the Nexity Board of Directors; Nicolas Mérindol, Chief Executive Officer of the CNCE and member of the Nexity Board of Directors; Guy Cotret, member of the Management Board, Group Executive Officer and permanent representative of the CNCE, member of the Nexity Board of Directors; Alain Lacroix, member of the CNCE Management Board and of the Nexity Board of Directors.

This Partnership Agreement is part of the process initiated by the memorandum of understanding between the CNCE, Nexity, Mr. Dinin and Mr. Denize, dated April 26, 2007. Among other things, this memorandum of understanding provides for the marketing of real estate products by Groupe Caisse d'Epargne and the promotion of loans and services to real estate customers.

This agreement specifies the terms under which Nexity is to sell new housing units and Caisses d'Epargne customers are to be informed of Nexity's offer, a service that will be remunerated.

At its meeting of March 6, 2008, the Supervisory Board approved the signing of the Partnership Agreement between Nexity and the CNCE.

This transaction had no impact on the 2008 financial statements.

Natixis Shareholders' Current Account Agreement

Corporate officers concerned at the date of the transaction: Charles Milhaud, Chairman of the Management Board of the CNCE and Chairman of the Supervisory Board of Natixis; Nicolas Mérindol, Chief Executive Officer of the CNCE and its permanent representative on the Natixis Supervisory Board; Bernard Comolet, Vice-Chairman of the CNCE Supervisory Board and Vice-Chairman of the Natixis Supervisory Board.

The Natixis financial position has required substantial additional support by its two shareholders to offset the impact of the financial crisis on Natixis earnings, which automatically increased its capital requirement from December 31, 2007 to January 1, 2008.

This support has two components: participation in the capital increase via the acceptance of the offer of a €190 million dividend payment in shares and the granting of a €750 million shareholder's current account.

At its meeting of March 26, 2008, the Board of Supervisors approved the signing of the €750 million Shareholder's Current Account agreement between Natixis and CNCE.

Amendment to the Natixis Shareholder's Current Account Agreement

Corporate officers concerned at the date of the transaction: Charles Milhaud, Chairman of the Management Board of CNCE and Chairman of the Supervisory Board of Natixis; Nicolas Mérindol, Chief Executive Officer of CNCE and its permanent representative on the Natixis Supervisory Board; Bernard Comolet, Vice-Chairman of the CNCE Supervisory Board and Vice-Chairman of the Natixis Supervisory Board.

In amendment to its decision of March 26, 2008, the Supervisory Board decided on March 28, 2008 to increase the CNCE's shareholder's current account advance to Natixis by €500 million, thus increasing the total amount of the advance from €750 million to €1,250 million.

At its meeting on June 26, 2008, the Supervisory Board approved the signing of an amendment to the Natixis Shareholder's Current Account Advance Agreement.

The CNCE recognized a corresponding amount of income of €44,808,300 for 2008.

Lastly, the Supervisory Board meeting of September 28 approved the capitalization of these current account advances in connection with the Natixis capital increase for €3.7 billion, with preferential subscription rights being maintained.

Share guarantee and investment agreement (*contrat de garantie et de placement*) between the CNCE and Natixis and commitment to subscribe to the Natixis share issue

Corporate officers concerned at the date of the transaction: Charles Milhaud, Chairman of the Management Board of the CNCE and Chairman of the Supervisory Board of Natixis; Nicolas Mérindol, Chief Executive Officer of the CNCE and its permanent representative on the Natixis Supervisory Board; Bernard Comolet, Vice-Chairman of the CNCE Supervisory Board and Vice-Chairman of the Natixis Supervisory Board.

At its meeting of September 28, 2008, the Supervisory Board voted to authorize the Management Board (which may delegate this authority to any member) to negotiate, finalize and enter into the following agreements in the name and on behalf of the CNCE: i) the share guarantee and investment agreement (*contrat de garantie et de placement*) with the CNCE, Natixis and the underwriting syndicate banks; ii) a commitment to subscribe to the share capital increase of Natixis.

This transaction had no impact on the 2008 financial statements.

Amendment to the guarantee agreement between Nexity and the CNCE

Corporate officers concerned at the date of the transaction: Charles Milhaud, Chairman of the CNCE Management Board and Vice-Chairman of the Nexity Board of Directors; Nicolas Mérindol, Chief Executive Officer and member of the Management Board of the CNCE and of the Nexity Board of Directors; Guy Cotret, member of the Management Board, Group Executive Officer and permanent representative of the CNCE and member of the Nexity Board of Directors; and Alain Lacroix, member of the CNCE Management Board and of the Nexity Board of Directors.

On June 7, 2007, Nexity and the CNCE signed an asset contribution agreement to combine Nexity's business activities with the CNCE's competing real estate services and activities and in particular those of CFF.

The CNCE also agreed to provide Nexity with two levels of guarantee: one ensuring that operating expenses do not exceed a maximum amount and another covering the cost of the lump-sum retirement bonuses of the CNCE staff seconded to GCE Immobilier (GCE I).

The CNCE has guaranteed that the operating expenses of GCE I and GCE SI would not exceed a total of €10 million.

Nexity has proposed that the CNCE make a final lump-sum payment that discharges all of the guarantees provided by the CNCE under the Special Guarantee agreement for 2007 (€2.5 million), 2008 (€5 million) and the first half of 2009 (€2.5 million), as well as the Supplemental Guarantee.

The amount of the proposed final lump-sum payment, which would constitute a full settlement, is €7.5 million. This payment would be made via an amendment to the guarantee agreement.

At its meeting of April 17, 2008, the Supervisory Board approved the signing of the amendment to the guarantee agreement between the CNCE and Nexity.

The CNCE has recognized a €7,500,000 million charge for 2008 to cover the payment of this guarantee.

Agreement to repurchase the shares in Palatine that CFF received in exchange for its banking business

Corporate officers concerned at the date of the transaction: Guy Cotret, member of the CNCE Management Board and of the CFF Board of Directors; Jean-Marc Carcelès, member of the CNCE Supervisory Board and of the CFF Board of Directors; Michel Sorbier, member of the CNCE Supervisory Board and of the CFF Board of Directors.

Crédit Foncier had agreed to transfer its banking business to Banque Palatine via a partial contribution of assets in exchange for shares in Banque Palatine.

Crédit Foncier would like the CNCE to ensure the liquidity of the Palatine shares it thus received under the asset contribution agreement. The CNCE would also like to specify the terms under which it would repurchase these Palatine shares.

Crédit Foncier will commit to sell and the CNCE will commit to purchase the Palatine shares at the end of the 3-year holding period when the option may be exercised.

At its meeting of November 25, 2008, the Supervisory Board approved the signing of the agreements to sell and purchase the Banque Palatine shares that CFF has received in exchange for its asset contribution.

This transaction had no impact on the 2008 financial statements.

Sale of shares in CIFG Holding to a Special Purpose Vehicle

To finalize the agreements they are currently negotiating, the counterparties have agreed to a provision under which the CNCE and BFBP would sell, prior to the future commutation agreement, their interest in CIFG Holding to a vehicle created for this purpose and which would manage all matters relating to CIFG after the holding company's shares are sold.

The CIFG Holding shares will be sold to an SPV owned jointly by BFBP and the CNCE. This will enable the two shareholders, which have recently begun negotiating the terms for the proposed merger of their central institutions, to isolate some of their "toxic assets".

At its meeting of November 25, 2008, the Supervisory Board approved the transfer of the CNCE's shares in CIFG Holding to a company in which the CNCE and Banque Fédérale des Banques Populaires have equal stakes.

This sale was completed in January 2009 for the amount of €1.

Partnership agreement between *Olympique de Marseille* and the CNCE/CEP Provence-Alpes-Corse (CEPAC)

Corporate officers concerned at the date of the transaction: Alain Lemaire, CNCE Chief Executive Officer and Chairman of the Management Board of CEP Provence-Alpes-Corse.

For the past nine years, *Olympique de Marseille* and CEPAC have conducted various marketing and communication initiatives, some of which directly benefit the entire Caisses d'Epargne network. The agreement that has been announced concerns the creation of a co-branded Visa card.

The CNCE, which is responsible for the network's communication strategy, agrees to pay CEPAC a total, final and tax-inclusive sum of €200,000 a year, for a period of three years, which is the term of the partnership contract with Olympique de Marseille. The CNCE shall authorize CEPAC to pay the entire sum due under the partnership arrangement, part of which shall be paid in the name and on behalf of the CNCE as the head of the network.

At its meeting of December 18, 2008, the Supervisory Board approved the signing of the payment authorization agreement to be entered into between the CNCE and CEPAC.

The CNCE has recognized a €200,000 charge for this partnership arrangement for 2008.

Purchase by the CNCE of Nexity's interest in CFF

Corporate officers concerned at the date of the transaction: Bernard Comolet, Chairman of the CNCE Management Board and Vice-Chairman of the Nexity Board of Directors; Alain Lemaire, Chief Executive Officer and member of the Management Board of the CNCE and of the Nexity Board of Directors; Guy Cotret, member of the Management Board, Group Executive Officer and permanent representative of the CNCE and member of the Nexity Board of Directors; Alain Lacroix, member of the CNCE Management Board and of the Nexity Board of Directors.

The CNCE plans to purchase Nexity's 23.4% stake in Crédit Foncier. This transaction will not result in any change in the Group's relations with Nexity, particularly as far as its equity interest and partnership agreements are concerned.

At its meeting of December 18, 2008, the Supervisory Board noted the CNCE's plan to purchase all of Nexity's equity interest in CFF, which would mean that the CNCE would hold 100% of CFF's equity and voting rights.

This purchase was completed in February 2009 for €539,600,000.

7.2.2 Agreements and commitments approved in prior years and which remained in force during the year

Pursuant to the French Commercial Code, we were also advised of the following agreements and commitments approved in prior years, which remained in force during 2008.

Employment contract of Nicolas Mérindol, member of the Management Board (resigned on October 19, 2008)

In 2004, the Supervisory Board approved the signing of an amendment to the employment contract between the Caisse Nationale des Caisses d'Epargne and Nicolas Mérindol, under which Nicolas Mérindol became the head of the Retail Banking and Local Client Services division. This employment contract was suspended on September 29, 2006 following the appointment of Nicolas Mérindol as Chief Executive Officer.

Following his resignation as CNCE Chief Executive Officer and Management Board member on October 19, 2008, the employment contract suspended on September 29, 2006 came back into full force.

Employment contract of Julien Carmona, member of the Management Board (until October 19, 2008)

At its April 25, 2007 meeting, the Supervisory Board approved the signing of an employment contract between the CNCE and Julien Carmona to employ Julien Carmona as Director of the Finance and Risks division, effective as of June 11, 2007.

Julien Carmona's base compensation for 2008 was €323,898.92.

Employment contract of Alain Lacroix, member of the Management Board

At its meeting of September 29, 2006, the Supervisory Board approved the signing of a contract between the CNCE and Alain Lacroix to employ Alain Lacroix as the head of the Corporate Development division, effective as of November 17, 2006.

Alain Lacroix's base compensation for 2008 was €304,314.12.

Employment contract of Guy Cotret, member of the Management Board

At its January 21, 2004 meeting, the Supervisory Board approved the signing of a contract between the CNCE and Guy Cotret to employ Guy Cotret as Director of the Human Resources and Banking Operations division, effective as of January 1, 2004.

Guy Cotret's base compensation for 2008 was €358,860.96.

GCE Car Lease – Purchase of shares from CEP Midi-Pyrénées

To expand its operations in France, the CNCE plans to become the majority shareholder of GCE Car Lease, alongside Caisse d'Epargne Midi-Pyrénées and MAIF-Macif, which plan to capitalize on their business strengths to launch a long-term vehicle rental service for consumers. Equity interests of 50% for the CNCE, 30% for MAIF-Macif and 20% for CEP Midi Pyrénées are currently being considered and could be modified in accordance with changes in the business assets contributed by the shareholders.

At its meeting of September 12, 2007, the Supervisory Board approved the acquisition of a majority stake in GCE Car Lease.

This acquisition has not yet been made.

Billing agreement between the CNCE and Natixis

Based on the agreement dated April 2, 2007 providing for the affiliation of Natixis to the CNCE and in its capacity as a central institution, the CNCE is responsible for ensuring the smooth functioning of Natixis. The costs incurred by the CNCE for this purpose are valued and billed in accordance with a billing agreement that was approved by the Supervisory Board on April 25, 2007.

The CNCE recognized a corresponding amount of income of €5,648,847.42 in 2008.

Billing agreement between the CNCE and Crédit Foncier de France

Given CFF's affiliation with the CNCE it is proposed that an agreement be signed between CFF and the CNCE that specifies the CNCE's duties as a central institution and the payment of compensation to the CNCE for the performance of these duties.

At its meeting on September 12, 2007, the Supervisory Board approved the signing of a billing agreement between the CNCE and Crédit Foncier de France.

The CNCE recognized a corresponding amount of income of €2,115,858.94 in 2008.

Billing agreement between the CNCE and Banque Palatine

Given Banque Palatine's affiliation with the CNCE it is proposed that an agreement be signed between Banque Palatine and the CNCE that specifies the CNCE's duties as a central institution and the payment of compensation to the CNCE for the performance of these duties.

At its meeting on September 12, 2007, the Supervisory Board approved the signing of a billing agreement between the CNCE and Banque Palatine.

The CNCE recognized a corresponding amount of income of €547,500.03 in 2008.

Billing agreement between the CNCE and Financière Océor

Given Financière Océor's affiliation with the CNCE it is proposed that an agreement be signed between Financière Océor and the CNCE that specifies CNCE's duties as a central institution and the payment of compensation to the CNCE for the performance of these duties.

At its meeting on September 12, 2007, the Supervisory Board approved the signing of a billing agreement between the CNCE and Financière Océor.

The CNCE recognized a corresponding amount of income of €588,204.78 in 2008.

Investors' agreement between the CNCE and Nexity concerning Meilleurtaux

At its September 26, 2007 meeting, the Supervisory Board approved the signing of an investors' agreement between the CNCE, Nexity, MAIF and Macif, setting forth the terms and conditions of the acquisition, through Oterom Holding, of a majority block of shares in Meilleurtaux. The investors agreement was signed on June 30, 2008.

That same day these same parties and Mr. Christophe Cremer executed a Foundation Agreement.

Partnership agreement between the CNCE and Crédit Immobilier et Hôtelier

At its November 13, 2007 meeting, the Supervisory Board approved the signing of a partnership agreement between the CNCE and Crédit Immobilier et Hôtelier (CIH) providing for the launch of a joint commercial offer based on account-to-account fund transfers.

The agreement was signed on February 4, 2008 and entered immediately into force. It provides for the payment of fees by CIH to Groupe Caisse d'Epargne companies wishing to participate in the joint commercial offer.

This agreement had no impact on the 2008 financial statements.

Memorandum of understanding between the CNCE and CNP Assurances regarding the put option on Natixis Global Asset Management shares

At its December 20, 2007 meeting, the Supervisory Board approved a memorandum of understanding between the CNCE and CNP Assurances, which was signed on the same day.

This memorandum of understanding replaces the previous one, dated November 17, 2006, which extended the period set contractually at November 17, 2007 for exercising the put option on the shares held by CNP Assurances in Natixis Global Asset Management (NGAM, formerly IAMG) in favor of the CNCE.

The main terms and conditions of the new memorandum of understanding are as follows:

- the put option is extended by four 1-year periods, from November 17 to December 17 each year from 2008 to 2011 inclusive;
- the method used to calculate the sale price: the memorandum of understanding provides for a basic price of €644,710,200, supplemented by earnouts and the impact of any indexing specified in the memorandum of understanding, unless the beneficiary opts for a market price valuation by an external expert;
- commercial undertakings made by the CNCE in favor of CNP Assurances.

This memorandum of understanding had no impact on the 2008 financial statements.

Risk control and assistance agreement between the CNCE and Natixis

Following the acquisition of the CIFG Holding shares from Natixis, the two new shareholders, Banque Fédérale des Banques Populaires and the CNCE, appointed Natixis to provide the CIFG Group risk control services and assistance, in recognition of the in-depth knowledge it had acquired of the activities of CIFG Holding and its subsidiaries as its former sole shareholder.

At its December 20, 2007 meeting, the Supervisory Board approved the agreement between the CNCE and Natixis providing for risk control services and assistance.

The agreement entered into force on December 20, 2007, the date on which the recapitalization of CIFG Holding was completed, and will expire on the earlier of December 31, 2009 or the date of disposal by the CNCE of its controlling interest in CIFG Holding.

On April 15, 2008, the CNCE and BFBP decided to terminate the risk control and assistance agreement relating to CIFG Group concluded on December 20, 2007, pursuant to the provisions of Article 3.2 of the above-mentioned agreement.

Transfer of IXIS CIB's regional public sector business to Crédit Foncier de France

The "Credit" business managed until 2005 within the CNCE was transferred to the various subsidiaries of Groupe Caisse d'Epargne. Within the scope of this transfer, on November 18, 2005, the CNCE contributed its medium and long-term financing business in the regional public sector to IXIS Corporate & Investment Bank, in the form of a partial asset contribution.

At its December 14, 2006 meeting, the Supervisory Board approved the signing of a memorandum of understanding between the CNCE, IXIS CIB and Crédit Foncier de France regarding the transfer of outstanding regional public sector loans from IXIS CIB to Crédit Foncier de France. This agreement was finalized on February 19, 2007.

Approval of the Payment Protection Insurance (ADE) Distribution Agreement

At its September 14, 2006 meeting, the Supervisory Board approved the signing of a Payment Protection Insurance Distribution Agreement between CNP Assurances and the CNCE, acting as the central institution of the Caisses d'Epargne network and on behalf of Banque Palatine.

This agreement had no impact on the 2008 financial statements.

Approval of the Life Insurance Products Distribution Agreement

At its September 14, 2006, meeting, the Supervisory Board approved the signing of an agreement to distribute life insurance products between CNP Assurances and the CNCE, acting on behalf of Groupe Caisse d'Epargne.

This agreement had no impact on the 2008 financial statements.

Amendment to the CNP Assurances Shareholders' Agreement

At its meeting of November 16, 2006, the Supervisory Board approved the signing of the amendment to the Shareholders' Agreement to be executed between Sopassure (a joint subsidiary of the CNCE and La Poste), CDC and CNP Assurances.

The initial term of the Shareholders Agreement has been extended from December 31, 2008 to December 31, 2015.

Cooperative Investment Certificate Agreement between the CNCE, the Caisses d'Epargne and Natexis

At its September 14, 2006 meeting, the Supervisory Board approved the signing of an agreement regarding cooperative investment certificates (CICs) between the CNCE, the Caisses d'Epargne et de Prévoyance, Natexis Banques Populaires and SNC Champion. This agreement, which was signed on September 26, 2006, outlines the terms and conditions of the transfer to Natixis of the CICs issued by the Caisses d'Epargne and subscribed by the CNCE.

Lanson International

CNCE initially granted Lanson International (formerly Marne et Champagne) a short-term one-year credit facility to be extended upon renewal to a medium to long-term credit facility maturing in 2009.

The CNCE has decided to replace the medium to long-term credit facility initially agreed with an option to extend the short-term credit facility.

At its July 7, 2005 meeting, the Supervisory Board approved the regulated agreement to extend the credit facility for a limited period instead of providing the medium to long-term facility initially planned.

In 2008, the CNCE recorded interest income of €3,297,222.21 in connection with this credit facility.

Authorization to sign an agreement to set up a top-up pension plan on behalf of Management Board members

At its December 16, 2004 meeting, the Supervisory Board approved the signing of an agreement providing for the establishment of a defined-benefit top-up pension plan designed to provide beneficiaries with additional pension benefits calculated on the basis of their salary.

This agreement was signed on July 18, 2005.

The five members of the Management Board (Charles Milhaud, Nicolas Mérindol, Guy Cotret, Julien Carmona and Alain Lacroix) were entitled to this supplemental pension plan until October 19, 2008.

The plan continued to apply to Guy Cotret and Alain Lacroix as of December 31, 2008.

Joint and several guarantee agreement between the CNCE and Natixis

On the day of this transaction the CNCE held a 96.55% interest in CDC IXIS, which in turn had a 100% interest in CDC IXIS Capital Markets.

On October 1, 2004 the CNCE and CDC IXIS Capital Markets entered into an agreement by which the CNCE provides a joint and several guarantee on the debts of CDC IXIS Capital Markets to third parties.

This guarantee was granted for an indefinite period. The CNCE may unilaterally terminate this agreement provided that it announces its intention six months before the termination becomes effective.

This guarantee was approved by the Supervisory Board at its September 30, 2004 meeting.

Following the merger of Ixis Corporate & Investment Bank into Natixis this guarantee was renewed to the benefit of Natixis.

Guarantee granted by CNCE (formerly CDC IXIS) to Natixis Asset Management (formerly IXIS Asset Management)

In 2004, CNCE (formerly CDC IXIS) granted Natixis Asset Management (formerly IXIS Asset Management) a guarantee to cover the operational risk associated with its contract to manage the assets of Fondation Julienne-Dumeste, to the exclusion of any performance guarantee.

Two agreements entered into within the scope of the new guarantee granted by the CNCE (formerly CDC IXIS) to Natixis Structured Products to create a special purpose vehicle (SPV)

These agreements were signed following the sale of the Labouchère Bank to allow Natixis Capital Markets (formerly IXIS Corporate and Investment Bank) to carry out transactions on the secondary market, and particularly for Japan, as part of a €10 billion EMTN program. The creation of this SPV, which is located in Jersey, requires the following guarantee:

- an amendment to the letter of undertaking signed on May 28, 2003 by the CNCE (formerly CDS IXIS) Natixis Capital Markets (formerly IXIS Corporate and Investment Bank) to include this SPV within the scope of this letter of undertaking;
- a joint and several guarantee between the CNCE (formerly CDC IXIS) and Natixis Structured Products enabling the guarantee provided by CDC IXIS to be transferred to Natixis Structured Products.

Guarantee granted by IXIS AEW Europe to CNCE (formerly CDC IXIS)

IXIS AEW Europe granted a guarantee on the EPI fund (a €500 million fund established by IXIS AEW Europe) following the payment by the CNCE (formerly CDC IXIS) of €50 million into this fund.

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Loan granted by CNCE (formally CDC IXIS) to Natixis Global Asset Management (formerly IXIS Asset Management Group)

In the context of the financial restructuring of the Asset Management Division, the CNCE (formerly CDC IXIS) granted a €110 million loan to IXIS Asset Management Group at prevailing market terms (3-month Euribor + 4 basis points).

This loan matured on December 31, 2008.

This loan was approved by the Supervisory Board at its December 16, 2004 meeting.

The CNCE earned €1,004,126.11 interest on this loan in 2008.

Services Agreement between the CNCE and Financière Océor

Financière Océor has set up a service to handle the back office management of loans and the first-level accounting controls of these loans and to provide other specific services.

The Services Agreement was signed between the parties on January 15, 2004, with retroactive effect as of January 1, 2004. The first day of service began on March 29, 2004.

The CNCE recognized an expense of €119,600 for these services in 2008.

Services Agreement between the CNCE and Financière Océor

The CNCE has set up a service to handle the back office management of securities portfolio transactions and the first-level control of the market transactions processed with Arpson software. These services were previously provided by GIE Ecureuil Services Financiers.

The parties executed the Services Agreement on June 15, 2004, with retroactive effect as of January 1, 2004.

The CNCE recognized income of €100,000 from these services in 2008.

7.2.3 Agreements and commitments not approved in advance

We hereby report on agreements and commitments subject to Article L. 225-90 of the French Commercial Code (*Code de commerce*).

Pursuant to Article L. 823-12 of this Code, we inform you that these agreements and commitments were not first approved by your Supervisory Board.

It is our responsibility to inform you of the main terms and conditions of these agreements and commitments as well as the reasons why the authorization procedure was not observed, based on the information with which we were provided.

Master credit and financial guarantee agreements between Natixis and the CNCE in relation to the French government's program to support financial institutions through SFEF

Société de Financement de l'Economie Française (SFEF) was established to grant loans to credit institutions, purchase promissory notes subject to Articles L. 313-43 to L. 313-49 of the French Monetary and Financial Code, and to subscribe to or purchase shares or debt securities issued either by the institutions listed in Articles L. 214-42-1 to L. 214-49-14 of said code or by trusts.

For this purpose the CNCE and Natixis signed a master intra-group financial guarantee agreement and a master intra-group credit agreement on December 4, 2008.

Master intra-group financial guarantee agreement

On November 14, 2008 the CNCE signed a master credit agreement with SFEF and a master financial guarantee agreement to guarantee its obligations under the master credit agreement.

The CNCE and Natixis have also signed a master intra-group credit agreement that specifies the terms under which the CNCE will provide Natixis with intra-group credit in one or more transactions.

The intra-group credit made available by the CNCE is subject to the precondition that a master financial guarantee agreement be entered into to specify the terms under which Natixis shall transfer full title to receivables as security for its debt.

Master intra-group credit agreement

Under this agreement the CNCE provides Natixis with non-revolving intra-group credit to be used in relation to an SFEF issuance of debt securities guaranteed by the French government pursuant to Article 6-II-A of the amended Finance Law (*Loi de Finances Rectificative*).

In light of the implementation schedule for these agreements, it was not possible to submit them for prior authorization by the Supervisory Board of the CNCE before they were signed. These agreements will be submitted to the approval of the Annual Shareholders' Meeting.

Neuilly-sur-Seine and La Défense, April 2, 2009

The Statutory Auditors

PricewaterhouseCoopers Audit		**Mazars**	
Anik Chaumartin	Jean-Baptiste Deschryver	Michel Barbet-Massin	Charles de Boisriou

7.3 Person responsible for the Registration document and for the Annual Financial Report

François Pérol, Chairman of the Management Board of the CNCE

Statement by the person responsible for the Registration document

I hereby declare that to the best of my knowledge, and having taken all reasonable precautions, the information contained in the Registration document is correct and does not contain any omission that is liable to alter the significance thereof.

I further declare that to the best of my knowledge, the financial statements have been prepared in accordance with the applicable set of accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings in the consolidation taken as a whole, and that the management report referred to in page 513 includes a fair review of the development and performance of the business, profit or loss and financial position of the company and the undertakings in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

I obtained a statement from the Statutory Auditors at the end of their assignment, in which they confirm having verified the information regarding the financial position and financial statements contained here within, and having examined the entire Registration document.

The historical financial information presented in this Registration document was commented on in reports by the Statutory Auditors, as set out on pages 327 to 328, 436 to 437, and 485 to 486 of the present document, concerning respectively, the consolidated financial statements of groupe Caisse d'Epargne, the consolidated financial statements of the Caisse Nationale des Caisses d'Epargne group, and the annual financial statements of the Caisse Nationale des Caisses d'Epargne for the year ended December 31, 2008, which contain an observation.

The annual financial statements of the Caisse Nationale des Caisses d'Epargne for the year ended December 31, 2007 were subject to a report of the Statutory Auditors, as set out on pages 420 to 421 of the Registration document filed with the AMF on April 16, 2008, under number D. 08-0252, which contains an observation.

Paris, April 8, 2009

Chairman of the Management Board

7.4 Cross-reference table

This cross-reference table refers to the main headings required by European Regulation N°809/2004 (Appendix I) adopted persuant to the Prospectus Directive.

Heading	Page number in the Registration Document
10. Capital resources	
10.1 Information concerning the issuer's capital resources	142 to 147 - 231 to 232 281 to 282 - 345 to 346 392 to 393 - 466 to 467
10.2 Sources and amounts of the issuer's cash flows	233 - 347
10.3 Information on the borrowing requirements and funding structure of the issuer	272 to 273 - 293 to 294 384 to 385 - 404 to 405 460 - 461 - 466
10.4 Information regarding any restrictions on the use of capital resources that have affected or could, affect the issuer's operations	N/A
10.5 Information regarding the anticipated sources of funds needed to fulfill commitments referred to in items 5.2.3 and 8.1	N/A
11. Research and development, patents and licenses	N/A
12. Trend information	27 to 28 - 222
13. Profit forecasts or estimates	N/A
14. Administrative, management and supervisory bodies and senior management	
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14.2 Adminsitrative, management and supervisory bodies and senior management conflicts of interests	73
15. Remuneration and benefits	
15.1 Amount of remuneration paid and benefits in kind	35 to 38 - 65 to 68 91 to 99 - 310 - 421 - 475
15.2 Total amounts set aside or accrued by the issuer to provide pension, retirement or similar benefits	37 - 463 - 466
16. Board and administrative bodies' practices	
16.1 Date of expiration of the current terms of office	32 - 65 - 70 - 71
16.2 Information about members of the administrative bodies' service contracts	73
16.3 Information about the issuer's Audit Committee and Remuneration Committee	40 to 43 - 73
16.4 Statement as to whether or not the issuer complies with its country of incorporation's corporage governance regime	32 - 39 to 40
17. Employees	
17.1 Number of employees	11 - 102 - 107 295 - 406 - 475
17.2 Directors' shareholding interests and stock options	97 to 99 - 299 to 301 410 to 412 - 465 to 466
17.3 Description of any arrangements for involving the employees in the capital of the issuer	N/A
18. Major shareholders	
18.1 Shareholders holding more than 5% of the issuer's capital or voting rights	490
18.2 Voting rights of above-mentioned shareholders	491 to 492
18.3 Control of the issuer	489 to 490 - 498
18.4 Description of any arrangements, known to the issuer, the operation of which may at a subsequent date result in a change in control of the issuer	N/A
19. Related party transactions	310 to 312 - 421 to 422 459 - 500 to 509

Heading	Page number in the Registration Document
20. Financial information concerning the issuer's assets and liabilities, financial position and profits and losses	
20.1 Historical financial information	228 to 328 - 342 to 437 439 to 486
20.2 Pro forma financial information	N/A
20.3 Financial statements	228 to 326 - 342 to 435 439 to 484
20.4 Auditing of historical annual financial information	327 to 328 - 436 to 437 485 to 486
20.5 Age of latest financial information	226 to 227
20.6 Interim and other financial information	N/A
20.7 Dividend policy	482 to 483
20.8 Legal and arbitration proceedings	493 to 494
20.9 Significant change in the issuer's financial or trading position	494 to 495
21. Additional information	
21.1 Share capital	466 to 467 - 489 to 491
21.2 Memorandum and Articles of association	488 to 489 - 493
22. Material contrats	495
23. Third-party information and statements by experts and declarations of interest	N/A
24. Documents on display for the public	496 to 497
25. Information on holdings	315 to 326 - 425 to 435 458 to 460

N/A : Not Applicable

Cross-reference table with the information required by the annual financial report

The cross-reference table below enables the main information comprising the Annual Financial Report to be identified in the Registration document (Articles L. 451-1-2 of the French Monetary and Financial Code and Article 212-13 of the AMF's General Regulations).

Annual Financial Report	Pages
CNCE consolidated financial statements	342 to 435
Statutory Auditors' Report on the Consolidated Financial Statements	436
CNCE parent company financial statements	439 to 478
Statutory Auditors' Report on the parent company financial statements	485
Management Report - Analysis of results, financial position, risks and list of delegations in the event of a capital increase (Articles L. 225-100 and L. 225-100-2 of the French Commercial Code) - Information required by Articles L. 225-100-3 and L. 225-211, paragraph 2 of the French Commercial Code	112 to 132, 136 to 224, 479 to 484 N/A
Declaration of persons assuming responsibility for the annual financial report	510
Statutory Auditors' Fees	478 - 499
Chairman's Report on the work of the Supervisory Board and internal control procedures for fiscal year 2008	32 to 68

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In accordance with Article 28 of European Regulation No. 809/2004 of April 29, 2004, the following information is incorporated by reference in this Registration document:

- the consolidated financial statements of the Groupe Caisse d'Epargne for the year ended December 31, 2006 and the accompanying Statutory Auditors' report set out on pages 196 to 287 and 288 to 289 of the Registration document filed with the AMF on April 24, 2007 under number D.07-0371;
- the consolidated financial statements of the Caisse Nationale des Caisses d'Epargne Group for the year ended December 31, 2006 and the accompanying Statutory Auditors' report set out on 68 to 153 and 154 to 155 of the Registration document filed with the AMF on April 24, 2007 under number D.07-0371;
- the consolidated financial statements of Groupe Caisse d'Epargne for the year ended December 31, 2007, and the accompanying Statutory Auditors' report set out on pages 178 to 275 and 276 to 277 of the Registration document filed with the AMF on April 16, 2008 under number D.08-0252;
- the consolidated financial statements of the Caisse Nationale des Caisses d'Epargne Group for the year ended December 31, 2007 and the accompanying Statutory Auditors' report set out on pages 290 to 379 and 380 to 381 of the Registration document filed with the AMF on April 16, 2008 under number D.08-0252;
- the parent company financial statements of the Caisse Nationale des Caisses d'Epargne for the year ended December 31, 2007, and the accompanying Statutory Auditors' Report set out on pages 382 to 419 and 420 to 421 of the Registration document filed with the AMF on April 16, 2008 under number D.08-0252.

The sections of Registration document numbers D.07-0371 and D.08-0252 not referred to above are either of no relevance to the investor or covered elsewhere in this Registration document.

The English language version of this Registration document is a free translation from the original French text. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, it is not a binding document and in all matters of interpretation, reference should be made to the French version which is the original text. The Statutory Auditors' reports apply to the French versions of the financial review and statements.

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GROUPE
CAISSE D'EPARGNE

Bénéfices Futur Groupe Caisse d'Epargne's commitment to sustainable development