2009
Registration Document and full-year financial report

GROUPE BPCE

Table of contents

2009 Registration Document and full-year financial report

This document is an English-language translation of the French "Document de référence" submitted to France's financial market authority (Autorité des marchés financiers) on May 10, 2010 under N°.R.10-035 in compliance with Article 212-13 of the AMF's standard regulations. Only the original French version can be used to support a financial transaction, provided it is accompanied by an Information notice "note d'opération" duly certified by the Autorité des marchés financiers.

The English version of this report is a free translation from the original which was prepared in French. All possible care has been taken to ensure that the translation is an accurate presentation of the original. However, in matters of interpretation, views or opinion expressed in the original language version of the document in French take precedence over the translation.

1

PRESENTATION OF GROUPE BPCE

1.1 Messages from the Chairmen

Message from Philippe Dupont, Chairman of the Supervisory Board of BPCE

2009 will remain a landmark year for the founding banks of the newly created Groupe BPCE: Groupe Banque Populaire and Groupe Caisse d'Epargne. In joining together to create the second ranking French bank, these two groups have finalized a project which they embarked upon in 2006 with the creation of Natixis. They have entered a new chapter in the history of Banques Populaires and Caisses d'Epargne, within Groupe BPCE.

Accelerated by the unprecedented financial turmoil which affected the entire banking industry, the newly created Groupe BPCE bases its legitimacy, strength and confidence on the cooperative values shared by the 20 Banques Populaires and the 17 Caisses d'Epargne. The management of the Group's companies, which have a strong foothold in their regions, is constantly guided by these shared values: long-term action, entrepreneurship and a sense of responsibility.

We are deeply attached to the legacy of cooperative values which form the identity of our Group. We will defend and promote these values as we are convinced that our model is the best suited for developing our activity throughout the regions where we operate. We also believe that this is the most appropriate model for building the bank of tomorrow that will take on board the forthcoming challenges, be it tougher competition, improving our quality of service and our performance or the new regulatory framework of the banking sector.

The creation of Groupe BPCE provides the Group with a new impetus, offering its companies considerable development potential and additional synergies serving both cooperative shareholders and our customers. It also offers a variety of opportunities for personal development to our 127,000 employees who are committed to serving the Group on a daily basis.

Present in 68 countries, BPCE, the second largest French bank, will use its skills and experience to serve its 37 million customers and has clearly identified its role in contributing to the long-term economic development of the regions in which it operates.

Message from François Pérol, Chairman of the Management Board of BPCE

Groupe BPCE was founded on July 31, 2009. In joining forces, Banques Populaires and Caisses d'Epargne have created France's second largest banking group, a cooperative group with 127,000 employees serving 37 million customers and over 7 million cooperative shareholders. BPCE also maintains a strong capital base of almost €44 billion.

After the initial phase where the Group was created, the bank's teams are now focused on two key priorities: returning to profitability as soon as possible, and mapping out an industrial and strategic plan for 2013.

Returning to profitability. Results for the first half of 2009 were impacted by the financial crisis: the adjustments to the risk-weighted assets and the goodwill impairment charge made by Natixis on assets acquired at the peak of the cycle heavily impacted results, leading to a €757 million loss for the first half of the year. In the second half, however, we reported profits of €1,294 million, reflecting the strong performance of the networks in commercial banking and insurance business and the turnaround of Natixis.

Despite the current challenging economic environment, the Banque Populaire banks, the Caisses d'Epargne, and the Group's national brands such as Crédit Foncier de France, have shown strong resilience in all business lines. They worked towards financing the economy in line with the commitments made with the French government in October 2008. Over the full year, Groupe BPCE loans outstanding rose 3.7%, outstripping its 3.5% growth target. Net banking income for Commercial Banking totaled €14 billion and net income came out at close to €1.9 billion.

Natixis, the Group's main listed subsidiary, although severely hit by the crisis, also returned to profit in the second half. Now that it has a sole majority shareholder, its corporate governance structure has been simplified. A new management team has been appointed, headed by Laurent Mignon, who has been Chief Executive Officer since May 15, 2009.

A new strategic direction has been mapped out: as Groupe BPCE's "investment bank", Natixis is an integrated company which refocused on its three core businesses serving the Group's key clients. BPCE has guaranteed the "GAPC [1]", assets, after carrying out an in-depth review of its subsidiary's risky assets. Natixis reported net income of €1 billion in the second half, reflecting the relevance of the Group's choices and their efficient implementation.

In 2009, Groupe BPCE's net banking income exceeded €21 billion. Operating expenses were stabilized thanks to efforts deployed throughout the Group. However, cost of risk rose sharply due to the economic environment and significant charges booked by Natixis in the first half. Net income (Group share) totaled €537 million, reflecting the Group's return to profitability in the second half.

Customer-focused strategy. In 2010 and thereafter, Groupe BPCE will face two major challenges. Firstly, it must adapt to customer needs and strengthen close customer relationships which are the driving force of the 20 Banques Populaires and the 17 Caisses d'Epargne operating throughout their regions. And secondly, it needs to reinforce its financial structure and give itself the necessary means for development, while it repays the capital provided by the French government during the financial turmoil. To achieve these targets we have made a clear and plain decision; we will focus all our human and financial resources on developing our core businesses: banking and insurance. Groupe BPCE is a universal banking group, offering a comprehensive range of banking and financial services to all our customers. The Group focuses on its core businesses: commercial banking and insurance, *via* the Banques Populaires and Caisses d'Epargne networks and Crédit Foncier de France, Banque Palatine and Société Marseillaise de Crédit; and Corporate and Investment Banking, Investment Solutions and Specialized Financial Services grouped together at Natixis. The Group's other activities, namely in real estate will be managed as equity investments.

The creation of Groupe BPCE is also an opportunity to generate additional income: €810 million in additional income is expected by the full year 2013 from the closer relationships between Natixis and the Banque Populaire and Caisse d'Epargne networks. With stronger capital, the Group also targets customer acquisition and further international development.

Meanwhile cost savings linked to the merger are estimated at €1 billion by the full year 2013, due to a streamlined organization and IT processes and shared infrastructures.

Finally, the Group's structure will be simplified in line with the targets of the strategic plan. Subject to the necessary prior approvals, the founding companies will merge with BPCE mid-2010. The Group will be in marching order to deal with the challenges in the coming years.

Our strategic plan has been baptized "Together" as all of Groupe BPCE's companies share the same vision. Building closer customer relationships and entrepreneurial spirit, in order to achieve long-term improved performance.

We are convinced that focusing solely on our core business and respecting our shared values, we will strengthen the trust of our customers, our cooperative shareholders and our investors. That will allow us to become the preferred bank of the French and of their companies.

(1) GAPC (gestion active des portefeuilles cantonnés): workout portfolio management.

1.2 Key figures 2009

Groupe BPCE

SUMMARIZED INCOME STATEMENT

in millions of euros	2009	2008
Net banking income	21,227	16,096
Gross operating income	4,868	(241)
Operating income	723	(3,387)
Net income attributable to equity holders of the parent	537	(1,847)

BUSINESS

in billions of euros	12/31/2009	12/31/2008
Balance sheet total	1,028.8	1,143.7
Banque Populaire and Caisse d'Epargne networks		
Customer loans	277	264
Customer deposits	303	294
Financial savings	200	193

FINANCIAL STRUCTURE

in billions of euros	12/31/2009	06/30/2009
Equity attributable to the parent company	44.0	39.6
Tier-1 capital	37.6	35.8
Tier-1 ratio	9.1%	8.6%
Capital adequacy ratio	10.9%	10.6%

2008: pro forma data.

20
Banque Populaire banks

17
Caisses d'Epargne

7,700,000
cooperative shareholders

BPCE SA group

SUMMARIZED INCOME STATEMENT

in millions of euros	2009	2008
Net banking income	6,501	4,012
Gross operating income	819	(1,930)
Operating income	(1,969)	(3,814)
Net income attributable to equity holders of the parent	(69)	(1,796)

FINANCIAL STRUCTURE

in billions of euros	12/31/2009	06/30/2009
Equity attributable to the parent company	23.2	21.6
Tier-1 capital	15.5	15.6
Tier-1 ratio	9.7%	9.3%
Capital adequacy ratio	11.9%	12.8%

Credit ratings (February 2010)	Standard and Poor's	Moody's	Fitch Ratings
Long term rating	A+	Aa3	A+
Short term rating	A-1	P-1	F1+
Outlook	stable	stable	stable

2008: pro-forma data.

37 million clients

8,200 branches

127,000 employees

1.3 History of the Group

The paths of the Caisses d'Epargne and Banque Populaire banks have crossed many times for more than a century. These two networks share the same values of humanism and cooperation. In their capacity as complementary cooperative banking institutions, boasting deep roots in their respective regions, the two networks share the same commitment at the service of regional and local development.

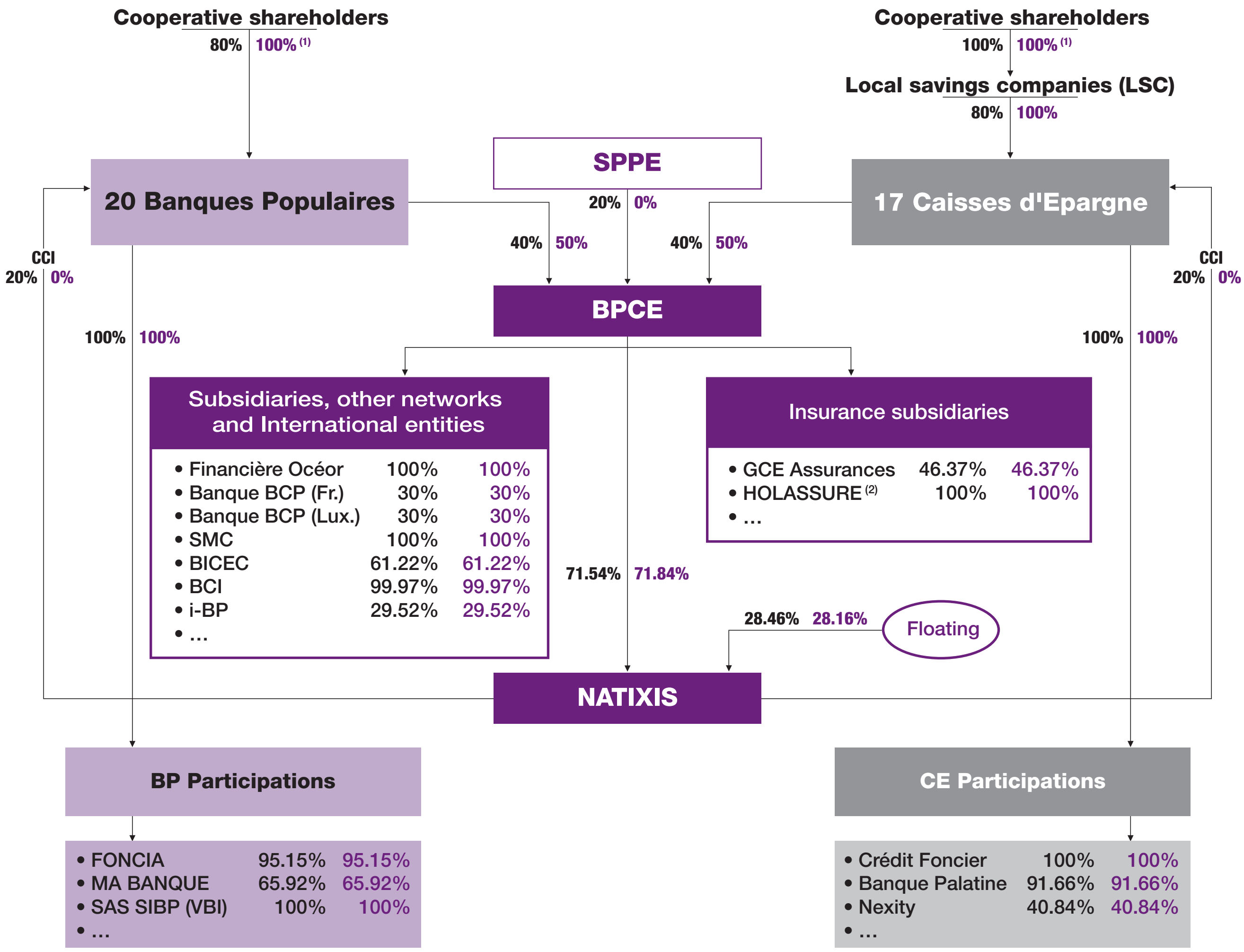
In 1818, the first Caisse d'Epargne was founded in Paris to promote, collect and manage popular savings. Recognized as "private establishments with public utility" in 1835, the Caisses d'Epargne have pursued missions of general public interest since 1895. In 1950, they gained the status of not-for-profit financial institutions. In 1999, they became cooperative banks. Since then, the Groupe Caisse d'Epargne has embarked upon a multi-brand strategy. Creations, acquisitions: it branched out into real estate with Crédit Foncier in 1999, corporate customers with Banque Palatine (ex-Banque Sanpaolo) in 2003, and investment banking with the acquisition of Ixis the following year and in 2007 with its acquisition of Nexity became a full-fledged operator in the real estate sector.

In 1878, the first Banque Populaire bank was created in Angers by entrepreneurs, for entrepreneurs, with a view to pooling funds to allow entrepreneurs to finance their projects themselves. Their cooperative status was established in 1917. At the service of craftsmen, trades people and SMEs, the Banque Populaire banks rapidly became major players in their regional economies, and opened out their services to individual customers in 1962. In 1998, the acquisition of Natexis provided Groupe Banque Populaire with a publicly listed vehicle. Pursuing its development, the group affiliated several regional or specialized banks and, with FONCIA, started operations in the real estate services sector. In 2008 Groupe Banque Populaire acquired seven of HSBC France's regional banks.

In 2006, Groupe Banque Populaire and Groupe Caisse d'Epargne teamed together with the creation of their jointly owned subsidiary, Natixis. On July 31, 2009, they were brought together giving rise to Groupe BPCE.

1.4 Financial structure of Groupe BPCE

AS OF DECEMBER 31, 2009



% economic interest.
% voting rights.

(1) *The 80% held by cooperative shareholders represent 100% of voting rights.*
(2) *HOLASSURE owns a 49.9% stake in SOPASSURE, which owns 35.5% of CNP.*

1.5 Organization of Groupe BPCE

Created from the combination between Groupe Banque Populaire and Groupe Caisse d'Epargne, Groupe BPCE is the second largest bank in France with 37 million customers, more than 7 million cooperative shareholders and 127,000 employees.

With its two historical independent networks and its subsidiaries whose brands are widely recognized, Groupe BPCE offers a wide range of financial and banking services for personal customers, professional customers, corporates, local authorities, social housing, associations and institutions.

It has created an original model as a universal bank based on a three leveled structure: the two cooperative bank networks with 20 Banque Populaire banks and 17 Caisses d'Epargne, the central institution with BPCE and the subsidiaries.

BPCE is responsible for the Group's strategy, control, coordination and guarantees Group solvency. A French Limited Company (*Société Anonyme*) governed by Management and Supervisory Boards, it is jointly owned by Banque Populaire banks and Caisses d'Epargne.

50% of the French population are clients of one of the Groupe BPCE banks: Banque Populaire banks, Caisses d'Epargne, Crédit Foncier, Société Marseillaise de Crédit, Banque Palatine, banks from the Océor[1] network…

Implanted in 68 countries, Natixis is Groupe BPCE's Corporate and Investment banking, savings and financial services bank. It is amongst the global leaders in asset management. Natixis works in close synergy with the banking networks, offering them its expertise, services and specialized financing.

Driven by the same ambition, the Groupe BPCE companies are committed to innovation and work together to help clients materialize their projects, meet new expectations and promote entrepreneurial and socially committed companies. In other terms, their aim is to become the preferred bank of the French and French companies.

1.5.1 Two commercial banking and insurance networks

The Group has a distinctly cooperative character: its cooperative shareholders own the two Retail Banking networks, the 20 Banque Populaire banks and the 17 Caisses d'Epargne.

The Banque Populaire banks are 80%-owned by their cooperative shareholders and 20%-owned by Natixis *via* the cooperative investment certificates (CIC).

The capital of the Caisses d'Epargne is 80%-owned by the Local Savings Companies (LSC) and 20%-owned by Natixis *via* the CICs. The LSCs, of which there were 288 as of December 31, 2009, are cooperative companies with open-ended capital stock 100%-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. Caisses d'Epargne employees are also entitled to become cooperative shareholders. While local and regional authorities, and French intermunicipal cooperation bodies (*Établissements 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.

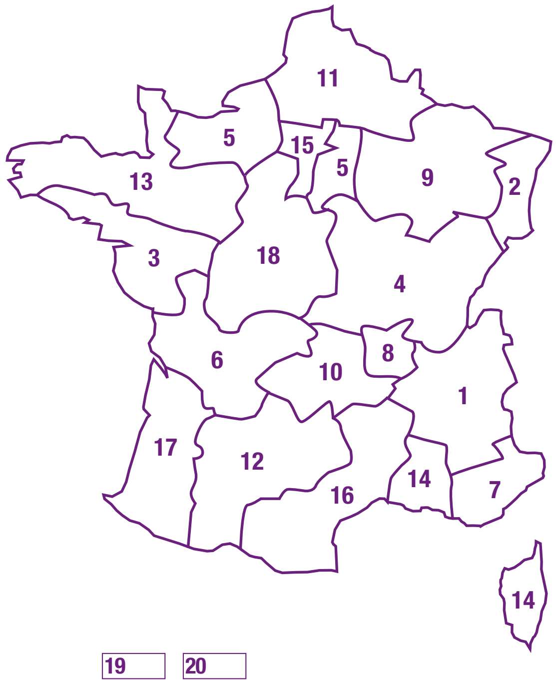
The local savings companies are tasked with coordinating the cooperative shareholder base, within the framework of the general objectives defined by the individual Caisse d'Epargne to which they are affiliated. Local savings companies hold shareholders' meetings at least once a year in order to approve 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.

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 Banque Populaire bank and 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.

(1) Financière Océor will become BPCE International et Outremer subject to the necessary authorizations.

1.5.1.1 BANQUE POPULAIRE BANKS (FIGURES AT 12/31/2009)



1. BANQUE POPULAIRE DES ALPES
2. BANQUE POPULAIRE D'ALSACE
3. BANQUE POPULAIRE ATLANTIQUE
4. BANQUE POPULAIRE BOURGOGNE FRANCHE-COMTÉ
5. BRED BANQUE POPULAIRE(1)
6. BANQUE POPULAIRE CENTRE ATLANTIQUE
7. BANQUE POPULAIRE CÔTE D'AZUR
8. BANQUE POPULAIRE LOIRE ET LYONNAIS
9. BANQUE POPULAIRE LORRAINE CHAMPAGNE
10. BANQUE POPULAIRE DU MASSIF CENTRAL
11. BANQUE POPULAIRE DU NORD
12. BANQUE POPULAIRE OCCITANE
13. BANQUE POPULAIRE DE L'OUEST
14. BANQUE POPULAIRE PROVENÇALE ET CORSE
15. BANQUE POPULAIRE RIVES DE PARIS
16. BANQUE POPULAIRE DU SUD
17. BANQUE POPULAIRE DU SUD-OUEST
18. BANQUE POPULAIRE VAL DE FRANCE
19. CASDEN Banque Populaire(2)
20. CRÉDIT COOPÉRATIF(2)

(1) BRED Banque Populaire also operates in the following countries and overseas territories: French Polynesia, New Caledonia, Guadeloupe, Martinique, French Guiana, La Réunion and Mayotte.

(2) Banque Populaire on a national level.

1 Banque Populaire des Alpes

Chairman
Jean Clochet

Chief Executive Officer
Pascal Marchetti

Number of cooperative shareholders: 141,519
Number of employees: 1,900
Number of branches: 158
Regulatory capital: €908 million(1)
Net banking income: €299 million(1)
Gross operating income: €108 million(1)
www.alpes.banquepopulaire.fr

2 Banque Populaire d'Alsace

Chairman
Thierry Cahn

Chief Executive Officer
Dominique Didon

Number of cooperative shareholders: 106,037
Number of employees: 1,195
Number of branches: 102
Regulatory capital: €679 million(1)
Net banking income: €189 million(1)
Gross operating income: €57 million(1)
www.alsace.banquepopulaire.fr

3 Banque Populaire Atlantique

Chairman
Jean-Guy Sarrazin

Chief Executive Officer
Stéphanie Paix

Number of cooperative shareholders: 118,884
Number of employees: 1,765
Number of branches: 159
Regulatory capital: €1 billion(1)
Net banking income: €273 million(1)
Gross operating income: €92 million(1)
www.atlantique.banquepopulaire.fr

4 Banque Populaire Bourgogne Franche-Comté

Chairman
Jean-Philippe Girard

Chief Executive Officer
Bernard Jeannin

Number of cooperative shareholders: 154,156
Number of employees: 1,816
Number of branches: 185
Regulatory capital: €1.3 billion(1)
Net banking income: €320 million(1)
Gross operating income: €114 million(1)
www.bpbfc.banquepopulaire.fr

(1) French GAAP.

5 BRED Banque Populaire

Chairman
Stève Gentili

Chief Executive Officer
Jean-Michel Laty

Number of cooperative shareholders: 116,031
Number of employees: 3,647
Number of branches: 328
Regulatory capital: €2.4 billion[(2)]
Net banking income: €940 million[(2)]
Gross operating income: €376 million[(2)]
www.bred.banquepopulaire.fr

6 Banque Populaire Centre Atlantique

Chairman
Jacques Raynaud

Chief Executive Officer
Pierre-Yves Dréan

Number of cooperative shareholders: 75,646
Number of employees: 998
Number of branches: 107
Regulatory capital: €482 million[(1)]
Net banking income: €151 million[(1)]
Gross operating income: €54 million[(1)]
www.centreatlantique.banquepopulaire.fr

7 Banque Populaire Côte d'Azur

Chairman
Bernard Fleury

Chief Executive Officer
Jean-François Comas

Number of cooperative shareholders: 70,150
Number of employees: 1,119
Number of branches[(1)]: 98
Regulatory capital: €444 million[(1)]
Net banking income: €182 million[(1)]
Gross operating income: €62 million[(1)]
www.cotedazur.banquepopulaire.fr

8 Banque Populaire Loire et Lyonnais

Chairman
Jean Brunet-Lecomte

Chief Executive Officer
Olivier de Marignan

Number of cooperative shareholders: 72,294
Number of employees: 1,162
Number of branches: 110
Regulatory capital: €617 million[(1)]
Net banking income: €203 million[(1)]
Gross operating income: €60 million[(1)]
www.loirelyonnais.banquepopulaire.fr

9 Banque Populaire Lorraine Champagne

Chairman
Raymond Oliger

Chief Executive Officer
Jacques Hausler

Number of cooperative shareholders: 166,785
Number of employees: 1,687
Number of branches: 141
Regulatory capital: €1.3 billion[(1)]
Net banking income: €311 million[(1)]
Gross operating income: €123 million[(1)]
www.lorrainechampagne.banquepopulaire.fr

10 Banque Populaire du Massif Central

Chairman
Dominique Martinie

Chief Executive Officer
Christian du Payrat

Number of cooperative shareholders: 84,828
Number of employees: 848
Number of branches: 87
Regulatory capital: €450 million[(1)]
Net banking income: €131 million[(1)]
Gross operating income: €41 million[(1)]
www.massifcentral.banquepopulaire.fr

11 Banque Populaire du Nord

Chairman
Jacques Beauguerlange

Chief Executive Officer
Gils Berrous

Number of cooperative shareholders: 84,784
Number of employees: 1,149
Number of branches: 127
Regulatory capital: €470 million[(1)]
Net banking income: €156 million[(1)]
Gross operating income: €36 million[(1)]
www.nord.banquepopulaire.fr

12 Banque Populaire Occitane

Chairman
Michel Doligé

Chief Executive Officer
Alain Condaminas

Number of cooperative shareholders: 162,270
Number of employees: 2,243
Number of branches: 225
Regulatory capital: €1.4 billion[(1)]
Net banking income: €370 million[(1)]
Gross operating income: €135 million[(1)]
www.occitane.banquepopulaire.fr

---

(1) In French GAAP.
(2) In IFRS.

13 Banque Populaire de l'Ouest

Chairman
Pierre Delourmel

Chief Executive Officer
Yves Breu

Number of cooperative shareholders: 104,569
Number of employees: 1,765
Number of branches: 139
Regulatory capital: €878 million(1)
Net banking income: €266 million(1)
Gross operating income: €77 million(1)
www.ouest.banquepopulaire.fr

14 Banque Populaire Provençale et Corse

Chairman
Jean-Louis Tourret

Chief Executive Officer
François-Xavier de Fornel

Number of cooperative shareholders: 60,011
Number of employees: 1,315
Number of branches: 89
Regulatory capital: €463 million(1)
Net banking income: €198 million(1)
Gross operating income: €67 million(1)
www.provencecorse.banquepopulaire.fr

15 Banque Populaire Rives de Paris

Chairman
Marc Jardin

Chief Executive Officer
Jean Criton

Number of cooperative shareholders: 376,391
Number of employees: 2,751
Number of branches: 232
Regulatory capital: €1.5 billion(1)
Net banking income: €470 million(1)
Gross operating income: €145 million(1)
www.rivesparis.banquepopulaire.fr

16 Banque Populaire du Sud

Chairman
André Joffre

Chief Executive Officer
François Moutte

Number of cooperative shareholders: 170,327
Number of employees: 2,064
Number of branches: 161
Regulatory capital: €1 billion(1)
Net banking income: €334 million(1)
Gross operating income: €111 million(1)
www.sud.banquepopulaire.fr

17 Banque Populaire du Sud-Ouest

Chairman
François de la Giroday

Chief Executive Officer
Dominique Wein

Number of cooperative shareholders: 99,813
Number of employees: 1,660
Number of branches: 104
Regulatory capital: €621 million(1)
Net banking income: €267 million(1)
Gross operating income: €90 million(1)
www.sudouest.banquepopulaire.fr

18 Banque Populaire Val de France

Chairman
Gérard Bellemon

Chief Executive Officer
Gonzague de Villèle

Number of cooperative shareholders: 135,378
Number of employees: 2,220
Number of branches: 208
Regulatory capital: €1.4 billion(1)
Net banking income: €369 million(1)
Gross operating income: €124 million(1)
www.bpvf.banquepopulaire.fr

19 CASDEN Banque Populaire

Chairman and Chief Executive Officer
Pierre Desvergnes

Number of cooperative shareholders: 1,183,583
Number of employees: 468
Number of branches: 1
Regulatory capital: €1.5 billion(1)
Net banking income: €208 million(1)
Gross operating income: €127 million(1)
www.casden.banquepopulaire.fr

20 Crédit Coopératif

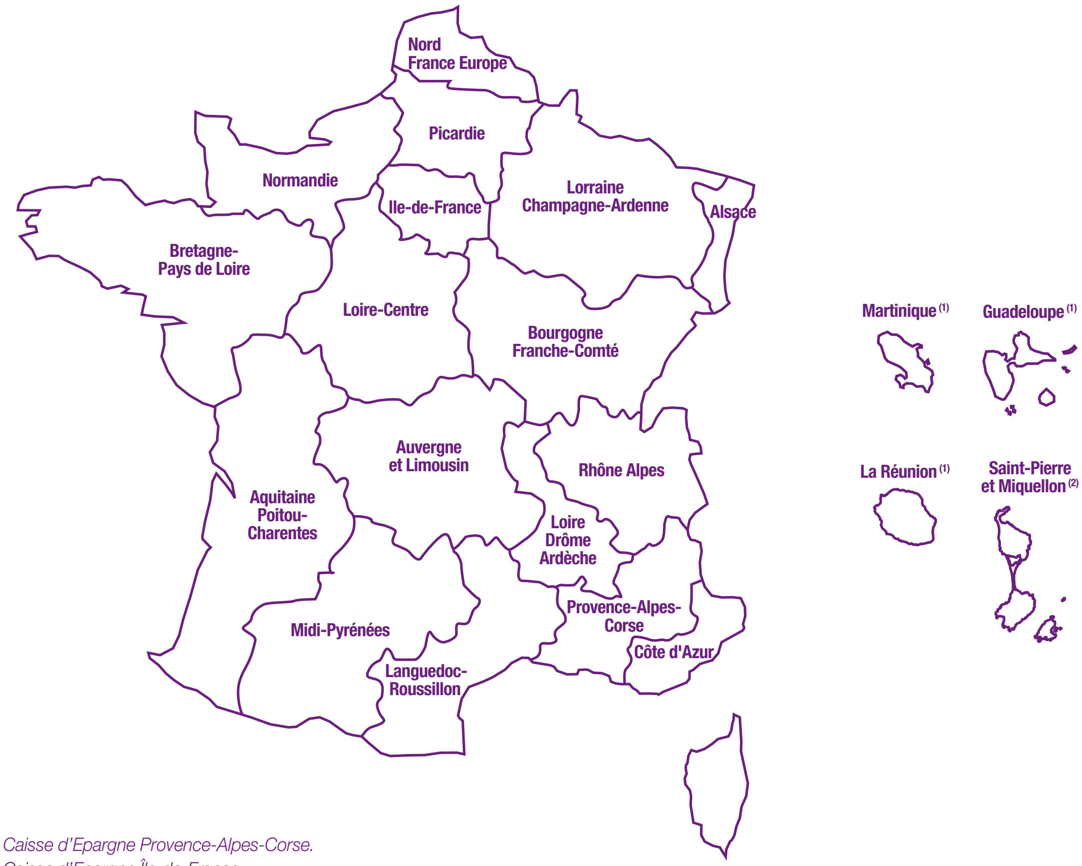
Chairman
Jean-Louis Bancel

Chief Executive Officer
Philippe Jewtoukoff

Number of cooperative shareholders: 48,001
Number of employees: 1,902
Number of branches: 104
Regulatory capital: €1 million(2)
Net banking income: €369 million(2)
Gross operating income: €93 million(2)
www.credit-cooperatif.fr

(1) In French GAAP.
(2) In IFRS.

1.5.1.2 CAISSES D'EPARGNE (FIGURES AT 12/31/2009)



(1) Attached to Caisse d'Epargne Provence-Alpes-Corse.
(2) Attached to Caisse d'Epargne Île-de-France.

1 Caisse d'Epargne Alsace

Chairman of the Steering and Supervisory Board
Astrid Boos

Chairman of the Management Board
Jean-Pierre Deramecourt

Number of cooperative shareholders: 111,538
Number of branches: 139
Number of employees: 1,025
Regulatory capital : €576 million[(1)]
Net banking income: €156 million[(1)]
Gross operating income: €32 million[(1)]

2 Caisse d'Epargne Aquitaine Poitou-Charentes

Chairman of the Steering and Supervisory Board
Jean-Charles Boulanger

Chairman of the Management Board
Jean-François Paillissé

Number of cooperative shareholders: 300,268
Number of branches: 379
Number of employees: 2,897
Regulatory capital: €1.6 billion[(2)]
Net banking income: €451 million[(2)]
Gross operating income: €99 million[(2)]

3 Caisse d'Epargne d'Auvergne et du Limousin

Chairman of the Steering and Supervisory Board
Michel Sorbier

Chairman of the Management Board
Maurice Bourrigaud

Number of cooperative shareholders: 137,627
Number of branches: 200
Number of employees: 1,336
Regulatory capital: €909 million[(2)]
Net banking income: €239 million[(2)]
Gross operating income: €70 million[(2)]

4 Caisse d'Epargne de Bourgogne Franche-Comté

Chairman of the Steering and Supervisory Board
Jean-Pierre Gabriel

Chairman of the Management Board
Alain Maire

Number of cooperative shareholders: 221,290
Number of branches: 261
Number of employees: 1,723
Regulatory capital: €1.3 billion[(2)]
Net banking income: €291 million[(2)]
Gross operating income: €82 million[(2)]

(1) In French GAAP.
(2) In IFRS.

5 Caisse d'Epargne Bretagne-Pays de Loire

Chairman of the Steering and Supervisory Board
Victor Hamon

Chairman of the Management Board
Didier Pattault

Number of cooperative shareholders: 432,925
Number of branches: 434
Number of employees: 2,989
Regulatory capital: €2 billion(2)
Net banking income: €517 million(2)
Gross operating income: €164 million(2)

6 Caisse d'Epargne Côte d'Azur

Chairman of the Steering and Supervisory Board
Pierre Mackiewicz

Chairman of the Management Board
Jean-Claude Créquit

Number of cooperative shareholders: 132,065
Number of branches: 156
Number of employees: 1,745
Regulatory capital: €965 million(1)
Net banking income: €294 million(1)
Gross operating income: €79 million(1)

7 Caisse d'Epargne Île-de-France

Chairman of the Steering and Supervisory Board
Jean-Paul Foucault

Chairman of the Management Board
Bernard Comolet

Number of cooperative shareholders: 559,669
Number of branches: 470
Number of employees: 4,899
Regulatory capital: €3 billion(2)
Net banking income: €950 million(2)
Gross operating income: €213 million(2)

8 Caisse d'Epargne Languedoc-Roussillon

Chairman of the Steering and Supervisory Board
Pierre Valentin

Chairman of the Management Board
Jean-Marc Carcelès

Number of cooperative shareholders: 135,032
Number of branches: 187
Number of employees: 1,427
Regulatory capital: €933 million(1)
Net banking income: €273 million(1)
Gross operating income: €93 million(1)

9 Caisse d'Epargne Loire-Centre

Chairman of the Steering and Supervisory Board
Jean Arondel

Chairman of the Management Board
Nicole Etchegoinberry

Number of cooperative shareholders: 219,379
Number of branches: 217
Number of employees: 1,772
Regulatory capital: €1.1 billion(1)
Net banking income: €303 million(1)
Gross operating income: €102 million(1)

10 Caisse d'Epargne Loire Drôme Ardèche

Chairman of the Steering and Supervisory Board
Catherine Amin-Garde

Chairman of the Management Board
Jean-Pierre Levayer

Number of cooperative shareholders: 110,950
Number of branches: 153
Number of employees: 1,147
Regulatory capital: €533.1 million(1)
Net banking income: €207.5 million(1)
Gross operating income: €59.9 million(1)

11 Caisse d'Epargne Lorraine Champagne-Ardenne

Chairman of the Steering and Supervisory Board
Francis Henry

Chairman of the Management Board
Benoît Mercier

Number of cooperative shareholders: 243,436
Number of branches: 262
Number of employees: 2,270
Regulatory capital: €1.3 billion(1)
Net banking income: €376 million(1)
Gross operating income: €105 million(1)

12 Caisse d'Epargne de Midi-Pyrénées

Chairman of the Steering and Supervisory Board
Bernard Roux

Chairman of the Management Board
Pierre Carli

Number of cooperative shareholders: 129,625
Number of branches: 243
Number of employees: 1,770
Regulatory capital: €1.2 billion(2)
Net banking income: €332 million(2)
Gross operating income: €78 million(2)

(1) *In French GAAP.*
(2) *In IFRS.*

13 Caisse d'Epargne Nord France Europe

Chairman of the Steering and Supervisory Board
Philippe Lamblin

Chairman of the Management Board
Jean Mérelle

Number of cooperative shareholders: 313,381
Number of branches: 280
Number of employees: 2,342
Regulatory capital: €1.9 billion[(1)]
Net banking income: €489 million[(1)]
Gross operating income: €192 million[(1)]

14 Caisse d'Epargne Normandie

Chairman of the Steering and Supervisory Board
Nicolas Plantrou

Chairman of the Management Board
Joël Chassard

Number of cooperative shareholders: 184,998
Number of branches: 231
Number of employees: 1,888
Regulatory capital: €1.06 billion[(1)]
Net banking income: €335 million[(1)]
Gross operating income: €92 million[(1)]

15 Caisse d'Epargne de Picardie

Chairman of the Steering and Supervisory Board
Yves Hubert

Chairman of the Management Board
Alain Denizot

Number of cooperative shareholders: 112,335
Number of branches: 134
Number of employees: 1,239
Regulatory capital: €913 million[(1)]
Net banking income: €217 million[(1)]
Gross operating income: €56 million[(1)]

16 Caisse d'Epargne Provence-Alpes-Corse

Chairman of the Steering and Supervisory Board
Jean-Claude Cette

Chairman of the Management Board
Alain Lacroix

Number of cooperative shareholders: 272,011
Number of branches: 267
Number of employees: 2,726
Regulatory capital: €2 billion[(1)]
Net banking income: €517 million[(1)]
Gross operating income: €142 million[(1)]

17 Caisse d'Epargne Rhône Alpes

Chairman of the Steering and Supervisory Board
Yves Toublanc

Chairman of the Management Board
Olivier Klein

Number of cooperative shareholders: 453,177
Number of branches: 314
Number of employees: 3,004
Regulatory capital: €1.9 billion[(1)]
Net banking income: €612 million[(1)]
Gross operating income: €224 million[(1)]

(1) In French GAAP.

1.5.2 The Central institution of Groupe BPCE: BPCE

BPCE is the central institution of the cooperative bank, founded by the law of June 18, 2009, made up of the Banque Populaire and Caisse d'Epargne networks and other affiliated credit institutions including Natixis.

The Banque Populaire network is comprised of 20 Banque Populaire banks, the 45 mutual guarantee companies, whose sole corporate purpose is guaranteeing loans issued by Banque Populaire banks, and Banques Populaires Participations.

The Caisse d'Epargne network is comprised of 17 Caisses d'Epargne et de Prévoyance, Local Savings Companies, the Fédération Nationale des Caisses d'Epargne et de Prévoyance and Caisses d'Epargne Participations.

Other affiliated credit institutions, other than Natixis, include la Caisse Régionale de Crédit Maritime Mutuel de la Méditerranée, la Caisse Régionale de Crédit Maritime Mutuel Bretagne-Normandie, la Caisse Régionale de Crédit Maritime Mutuel Atlantique, la Caisse Régionale de Crédit Maritime Mutuel du Littoral du Sud-Ouest, la Caisse Régionale de Crédit Maritime Mutuel de la Région Nord, la Caisse Régionale de Crédit Maritime Mutuel d'Outre-Mer, la Société Centrale de Crédit Maritime Mutuel, BCP France, Banque Fiducial, Banque de la Réunion, Banque de Tahiti, Banque de Nouvelle-Calédonie, Banque des Antilles Françaises, Banque des Îles St-Pierre & Miquelon, Banque Palatine, Caisse d'Epargne et de Prévoyance de Nouvelle-Calédonie, Crédit Foncier de France, Crédit Saint Pierrais, Crédit Foncier et Communal d'Alsace et de Lorraine – Banque, Batimap, Batiroc Pays de la Loire, Capitole Finance – Tofinso, Cicobail, Cinergie, Compagnie de Financement Foncier, Comptoir Financier de Garantie, Crédit Foncier et Communal d'Alsace et de Lorraine – SCF, Financière Océor, Locindus, Sebadour, Océor Lease Nouméa, Océor Lease Réunion, Océor Lease Tahiti, Société Centrale pour le Financement de l'Immobilier (SOCFIM), Sud Ouest Bail and Sud Ouest Expanso.

1.5.2.1 BUSINESS ACTIVITIES

The company's role is to provide guidelines and promote the business and expansion of the Group, comprised of the Caisse d'Epargne et de Prévoyance network and the Banque Populaire network, the affiliated entities and, more generally, the other entities under its control.

The purpose of the company is:

- to be the central institution for the Caisse d'Epargne network and the Banque Populaire banks network and the affiliated entities, as provided for by the French Monetary and Financial Code. Pursuant to Articles L. 511-31 *et seq.* and Article L. 512-107 of the French Monetary and Financial Code, it is responsible for:
  - defining the Group's policy and strategic guidelines as well as those of each of its constituent networks;
  - coordinating the sales policies of each of its networks and taking all measures necessary to the Group's development, including acquiring or holding strategic equity investments,
  - representing the Group and each of its networks to assert its shared rights and interests, including before industry bodies as well as negotiating and entering into national and international agreements,
  - representing the Group and each of its networks as an employer to assert its shared rights and interests as well as negotiating and entering into collective industry-wide agreements,
  - taking all measures necessary to guarantee the liquidity of the Group and each of its networks, and as such to determine rules for managing the Group's liquidity, including by defining the principles and terms and conditions of investment and the management of the cash-flow of the entities that constitute it and the conditions under which these entities may carry out transactions with other banks or investment companies, carrying out securitization transactions or to issue financial instruments or perform any financial transaction necessary to liquidity management,
  - taking all measures necessary to guarantee the solvency of the Group and each of its networks, including implementing the appropriate group internal financing mechanisms and setting up a mutual guarantee fund common to both networks, of which it determines the working rules, the terms and conditions for intervening in addition to the funds provided for in Articles L. 512-12 and L. 512-86-1, as well as the contributions of affiliates for its allocations and reconstitution,
  - defining the principles and conditions for organizing the internal control mechanism for the Group and each of its networks, as well as assuming the control of the organization, management and quality of the financial position of affiliated entities, including through onsite checks in connection with the scope of intervention defined in paragraph 4 of Article L. 511-31,
  - defining risk management policies and principles and the limits thereof for the Group and each of its networks and to ensure its continuous supervision on a consolidated basis,
  - approving the bylaws of affiliated entities and local savings companies as well as any changes that must be made to them,
  - approving the persons called upon, in accordance with Article L. 511-13, to determine the effective business orientation of its affiliated entities,
  - requesting the contributions required to perform its duties as a central institution,
  - ensuring that the Caisse d'Epargne duly fulfills the assignments provided for in Article L. 512-85;
- to be a credit institution, 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; it is the central banking, financial and technical organization of the network and more generally the Group;
- to act as an insurance intermediary, in accordance with regulations in force;
- to act as an intermediary for real estate transactions, in accordance with regulations in force;
- acquiring stakes, both in France and abroad, in all French or foreign companies, groups or associations with similar purposes to those listed above or with a view to the Group's expansion, and more generally, undertaking any transactions relating directly or indirectly to these purposes, which are likely to facilitate the achievement of the company's purposes or its development.

1.5.2.2 MAIN SUBSIDIARIES

Natixis

Natixis is the Group's corporate banking, asset management and financial services subsidiary. With almost 22,000 employees, its know-how and expertise are structured around three core businesses, to accompany through time and on a global scale, its own corporate clients, financial institutions, institutional investors and the retail, and corporate clients of the two networks of Groupe BPCE:

- Corporate and Investment Banking, focused on Structured finance and Capital Markets,
- Savings for discretionary asset management: Asset Management, Insurance and Private Banking,
- Specialized Financial Services, mainly dedicated to the development of the Commercial Banking networks,

In 2009, the corporate governance of Natixis was simplified replacing a Supervisory Board and Management Board by a Board of Directors chaired by François Pérol and a Chief Executive Officer, Laurent Mignon.

Natixis is listed on the Eurolist market of Euronext Paris (compartment A) (Ticker: KN, Isin: FR00001206985).

Natixis' Registration Document and updates thereof are available on *www.natixis.com*

KEY FIGURES

in millions of euros	2009	2008	2007
Net banking income	3,679	2,934	6,043
Gross operating income	(732)	(1,754)	902
Operating income	(3,133)	(3,570)	658
Net income attributable to equity holders of the parent	(1,707)	(2,799)	1,101

Natixis' key figures are calculated after taking into account the GAPC [1]. GAPC loss before tax totaled -€4,470m in 2008 and -€2,906m in 2009.

RATINGS

	Standard and Poors	Moody's	Fitchratings
Long term rating	A+	Aa3	A+
Short term rating	A-1	P-1	F1+
Outlook	stable	stable	stable

CNP Assurances

Founded over 150 years ago, Caisse Nationale de Prévoyance (CNP) is specialized in the field of personal insurance. CNP is France's leading player in this sector, with market share of nearly 18% (Press Release: "2009 Premium income and results; FFSA"). It currently insures 14 million people.

CNP is focused on three main segments of the personal insurance market: savings, retirement and provident insurance products. It offers a full range of products and services tailored to market requirements, both individually and collectively.

It anticipates social change, particularly with respect to dependency, retirement, health and personal services.

CNP Assurances distributes its products and services *via* partnerships with major French institutions such as La Poste and the Caisses d'Epargne for personal insurance and over 250 financial institutions for collective insurance. Since 2004, it has its own network of asset management advisors: CNP Trésor.

CNP Assurances is listed on Eurolist market of Euronext Paris (compartment A) (Ticker: CNP, Isin: FR0000120222)

CNP Assurances' annual and interim financial statements are available on the Financial Information page of *www.cnp.fr.*

(1) GAPC: workout portfolio management.

KEY FIGURES

in millions of euros	2009	2008	2007
Premium income	32,586	28,322	31,529
EBIT	1,756	2,369	1,836
Net Profit	1,004	731	1,222

RATINGS

	Standard and Poors
Note	AA-
Outlook	Stable

GCE Assurances

GCE Assurances has developed a range of non-life insurance products distributed in the Caisse d'Epargne network: car insurance, home insurance, personal risk and legal protection.

Since January 2008, non-life insurance and para-banking activities have been merged, allowing GCE Assurances to cover all areas of the non-life insurance market, as well as health insurance.

For personal customers: car and motorcycle insurance, home insurance, means of payment insurance, cell phone insurance, health savings insurance and personal accident insurance.

For professional customers: means of payment insurance, professional activity insurance, insurance for associations, health and provident insurance.

KEY FIGURES

in millions of euros	2009	2008	2007
Insurance gross margin	158	156	146
Operating income	13	20	23
Net income	7	10	16

Financière Océor

In charge of the Océor Group, Financière Océor is responsible for supervising and coordinating Océor's various banks and subsidiaries, sharing tools and processes with them. It ensures strict compliance with regulatory provisions within the Group.

For each of its entities, Financière Océor recommends an organizational model that respects its identity, its customers and its environment, building on business and product synergies developed with the different companies making up BPCE.

As the Group's commercial banking arm in France's overseas dependencies and internationally, Océor currently comprises eleven banks in the banks' retail markets and four specialized subsidiaries in specialized financing.

In 2009, goodwill impairments and a thorough review of risks requiring provisions to be adjusted caused an exceptional sharp increase in the net loss and a recapitalization which are presented in the paragraph on investment in the chapter 7 on "General Information".

KEY FIGURES

in millions of euros	2009	2008	2007
Net banking income	269	295	277
Gross operating income	(30)	36	58
Operating income	(232)	(14)	33
Net income attributable to equity holders of the parent	(306)	(36)	14

BCP France

BCP was born in 2001 from the merger of the French branches of Portugal's oldest financial institutions (Banco Mello and Banco Pinto & Sotto Mayor), after they joined the BCP group, as well as 50% of the activities of Spanish banking group Banco Popular Comercial, which in 1992 had joined Banco Atlântico, another front-ranking Portuguese financial institution acquired by the BCP group.

Combining the complementary know-how of these three entities in the service of the expatriate Portuguese community for almost 40 years, gave BCP a full range of skills in retail banking services *via* a network of 64 branches.

KEY FIGURES

in millions of euros	2009	2008	2007
Net banking income	77	73	71
Gross operating income	19	19	17
Operating income	18	19	18
Net income	12	12	12

BCP Luxembourg

BCP Luxembourg was established in 1983. It was initially known as Banque Portugaise du Luxembourg.

Banque BCP SA has developed its retail banking business with a network of 6 branches in Luxembourg.

In July 2006, Groupe Caisse d'Epargne became BCP Luxembourg's reference shareholder.

KEY FIGURES

in millions of euros	2009	2008	2007
Net banking income	12	10	10
Gross operating income	4	3	3
Operating income	4	1	3
Net income	3	1	2

Société Marseillaise de Crédit

Société Marseillaise de Crédit was created in 1865. The cornerstones of the bank are its deep regional roots and its strong identity.

In 1998, the bank launched a strategic restructuring plan, based on three major priorities: clarify the bank's positioning by promoting close client relationships, modernize the company organization, and tighten management processes Once this plan was completed in 2005, the bank concentrated on growth with its growth plan entitled "South 2008" which defined the strategic lines of development and boosted sales performance.

Société Marseillaise de Crédit offers all its clients the close relationships of a large regional bank *via* its network of 145 branches and 18 Regional Divisions covering 12 departments and Monaco.

KEY FIGURES

in millions of euros	2009	2008	2007
Net banking income	193	193	201
Gross operating income	59	62	74
Operating income	45	60	80
Net income attributable to equity holders of the parent	39	59	55

BICEC

BICEC (Banque Internationale du Cameroun pour l'Epargne et le Crédit) was created following the restructuring of BICIC (Banque Internationale pour le Commerce et l'Industrie au Cameroun).

In March 1997, the management of BICEC was entrusted to the Groupe Banque Populaire. In 2000, BICEC became a subsidiary of the Groupe Banque Populaire.

BICEC is now a leading player in the Cameroonian banking market, with solid performances overall. It boasts the leading branch network in Cameroon, and strong roots in the 10 Cameroonian provinces.

KEY FIGURES

in millions of euros	2009	2008	2007
Net banking income	56	50	47
Gross operating income	26	22	20
Operating income	22	22	21
Net income	9	16	11

BCI

BCI (Banque Commerciale Internationale) began operations on October 4, 2006, following its spin-off from Cofipa Investment Bank.

After BICEC's successful expansion in Cameroon, BCI has become the Groupe Banque Populaire's second-largest operation in the Economic and Monetary Community of Central Africa. It is focused on retail banking *via* the most important network of branches in Brazzaville and Pointe-Noire.

KEY FIGURES

in millions of euros	2009	2008	2007 (over 15 months)
Net banking income	12	11	8
Gross operating income	2	2	(1)
Operating income	0	1	(1)
Net income	2	1	(0.4)

i-BP

i-BP is the Banque Populaire banks single IT platform.

The businesses at the heart of i-BP's activities can be divided into three families:

- the implementation of IT systems

  These businesses help define the outlines of IT architecture, compliance with functional constraints specific to banking activities, and the development, design and integration of applications;
- technical assistance

  These businesses involve the control and updating of technical environments: methods, systems engineering, networks and computers;
- operations

  These businesses help ensure the optimum functioning of our platform, in technical as well as applicative terms.

KEY FIGURES

in millions of euros	2009	2008	2007
Sales	265	247	229
Gross operating surplus	31	28	35
Operating income	(3)	4	6
Net income	(1)	1	3

1.5.2.3 DIVIDEND POLICY

In 2009 BPCE did not make any dividend payout to its two parent networks (Banque Populaire banks and Caisses d'Epargne).

They received a dividend for 2008 from their former central body, Banque Fédérale des Banques Populaires for Banque Populaire banks and la Caisse Nationale des Caisses d'Epargne for the Caisses d'Epargne.

Banque Populaire banks

For 2008, Banque Populaire banks received a dividend of €2.41 per share.

This payout was made in two interim installments for a total amount of €88,665,492.17 in 2008 *i.e.* a dividend of €0.85. The remaining €162,375,234.84, was paid out in a dividend of €1.56 in the second quarter of 2009.

Caisses d'Epargne

For 2008, the Caisses d'Epargne received a dividend of €183 million paid out to the owners of ordinary and preferred shares.

This payout was made in the first half of 2009, and is broken down as follows:

- €129 million to owners of the 15,990,000 preferred shares *i.e.* a dividend of €8.062;
- €54 million to owners of the 527,392,661 ordinary shares *i.e.* a dividend of €0.102.

€13 million in dividends were paid out to 6,988,376 preferred shares bought out on July 31, 2009.

Therefore the total dividend payout to Caisses d'Epargne amounted to €196 million.

GCE NAO, a company which conducted no prior business which received assets from BFBP and CNCE to found BPCE, did not make any dividend payout for the previous years.

1.6 The Group's businesses

1.6.1 Commercial Banking and Insurance

More than 50% of the French population are clients of one of the Groupe BPCE banks. With 8,200 branches and 37 million customers, Commercial Banking is at the heart of the Group's business. This activity is supported by two networks boasting deep roots in their respective regions: Banque Populaire banks and Caisses d'Epargne. Other brands add to the Group's services: Crédit Foncier, Banque Palatine, Société Marseillaise de Crédit, Crédit Maritime and the banks from the Océor * network .

To provide their clients with all the required services, advice, financing and investment solutions, the banking networks rely on the expertise and support of the Group's specialized subsidiaries. This approach respects the close relationship and the decision making capacities appreciated by clients and provides them with satisfying solutions in insurance, real estate, asset management, payment methods, factoring, leasing and many other services.

Groupe BPCE is also present in Central and Eastern Europe, in the Mediterranean basin, in Central Africa and in the Indian Ocean. The Group should gradually expand its international operations over time.

On the backdrop of the economic crisis and slowing consumer spending, commercial banking maintained strong momentum and increased market share. Commercial banking represents 67% of the Group's net banking income totaling €14.2 billion whilst net income came out at €1.9 billion.

1.6.1.1 BANQUE POPULAIRE BANKS

Banque Populaire banks continued to develop their activity with personal customers, professionals and corporates and made a net gain of 56,000 clients. Loans outstanding rose 2.5% to €139.8[1] billion due to an increase in demand in the second half. Customer savings and deposits rose 6.4% to €175.8 billion[1]. Net banking income totaled €5.9 billion[1].

Personal customers

Banque Populaire banks focused successfully on increasing services to active customers and acquiring new clients. The number of clients rose 0.7% reaching almost 6.4 million clients: over 3.3 million are active and over 1.4 million customers have their main account with the Banque Populaire network, *i.e.* a 1.7% increase over the year. "Simplidom," a new service facilitating changes of address rolled out in 2009, helped bolster this trend.

New advantages for young customers

The number of clients aged under 28 increased by 1.2% and now represents more than 22% of personal customers. The Banque Populaire network, which in 2008, was the first bank to sign an agreement enabling it to offer the Student loan guaranteed by the French State, is now the leading bank offering this product and has granted 4,000 loans totaling €30 million.

The website *www.banquedesetudiants.com*, launched in partnership with the LMDE (national student health insurance), was redesigned. Banque Populaire offers LMDE members solutions for financing their studies and for renting an apartment without needing a guarantee.

Savings and Life insurance: confirmed momentum

Personal customers' demand deposits were up 5.3%. The year was primarily marked by the deregulation of distribution rights for *Livret A* savings accounts: 815,000 Livrets A were opened in the Banque Populaire network totaling €2.8 billion at December 31, 2009.

In the second half, as interest rates on liquid savings and the *Livret A* dropped, life insurance inflows were in line with that of bancassureurs. Over the full year, gross inflows rose 4% and net inflows increased by 77%. Deposits, up 10.5%, totaled more than €37 billion assets under management. €378 million were subscribed in unit-linked policies due to the success of the BFBP (Banque Fédérale des Banques Populaires) EMTN bond which brought in €112 million in life insurance in two months.

Several new guaranteed-capital funds were launched: *OptiZen*, *FructiZen* and *Izeis*. Subscriptions totaled €365 million.

The Banque Populaire network notched up a noteworthy performance by placing €227 million in EDF bonds between June 17 and July 6, 2009.

Loans: increase in loans outstanding

Home loans and consumer credit dropped sharply in the first half although the Banque Populaire network had not changed its distribution policy.

Over the year, new home loans dropped 25.3% whilst new consumer loans remained stable. Outstandings rose by 3.9% for home loans to €68.1 billion and by 2.7% for consumer loans to €7.2 billion at December 31, 2009.

A new website *www.immobilier.banquepopulaire.fr* offers customers advice and enables them to simulate loans and repayments. *Crédidom* is now the brand of real estate loans.

A pioneer in the new interest-free "éco-prêt" (green loan)

In line with its long standing commitment to protect the environment, the Banque Populaire network was the first to offer the new interest-free *éco-prêt* (green loan) which enables home owners to finance energy saving measures in their principal residence. This interest-free green loan can be contracted for 10 to 15 years for a maximum of €30,000 and is not subject to any earnings condition. To launch the loan, Banque Populaire banks printed an explanatory booklet about the loan in detail in partnership with Point P (French building supplies store) and the Confederation of Craftsmen and Small Building Contractors (*Confédération de l'Artisanat et des Petites Entreprises du Bâtiment CAPEB*). 7,500 interest-free eco loans were contracted in 2009, representing a 10% market share.

For personal loans, CASDEN Banque Populaire, serving employees from the French national education, research and culture sectors, widened its offer for seniors "Départ à la retraite", a personal loan offering deferred repayments for pensioners up to 12 months.

* *Financière Océor will become BPCE International et Outremer subject to the necessary authorizations.*

(1) *Scope of consolidation: 20 Banque Populaire banks and their subsidiaries.*

Créodis, the revolving credit launched in 2008, was contracted by 116,800 new clients in 2009 for a total amount of €267 million. Total outstandings came out at €246 million at December 31, 2009 for a portfolio of 200,000 *Créodis*.

The number of bank cards grew by 4% and total amount of consumer card payments increased by 2.9%. For a flat charge, debit card holders were offered a new service enabling them to pay for certain items in three installments. Clients may terminate this service without incurring any extra costs. At December 31, 2009, eight Banque Populaire banks offered this service and 15,000 clients had subscribed to it.

Private Banking

Private Banking customers include customers who own between €150,000 and €1 million and high net worth customers who own more than €1 million. It targets self-employed professionals and owners of SMEs and buy-to-let investors, in synergy with FONCIA. It offers its clients the expertise of 360 private banking account managers, around forty wealth management engineers and where necessary, the expertise of Banque Privée 1818, Groupe BPCE's wealth management bank.

An offensive strategy leading to increased inflows

Banque Populaire banks develop a wide range of services, which has recently been enhanced in various areas:

- advisory services relating to the French wealth tax, with more than 20,000 wealth tax statements issued in 2009, up from 6,000 in 2008;
- fiscal optimization, with products designed around the Scellier law REIT, Girardin residential and industrial tax-shelter law, with a full range of wealth-tax-shelter products combining a property fund (FCPI) and a wealth tax holding company. A new tool calculates the impact of the capping of tax avoidance opportunities introduced in 2009 and enables client investments to be optimized;
- financial savings products with complex structured finance products, particularly in life insurance. Other short-term offers were made in relation to market conditions;
- tools aimed at fostering advisory services on the sale of businesses and, more broadly, help for customers as they build up, manage and pass on their wealth.

Clients are offered a monthly newsletter, a magazine, *Synthèses* and a special website *http://www.gestionprivee.banquepopulaire.fr/*.

In 2009, the rate of financial savings inflows remained strong mainly invested in Natixis Assurances life insurance products. Assets under management totaled €38.8 billion at December 31, 2009.

Small business clients

With almost 950,000 small business clients, the Banque Populaire network works side by side with craftspeople and retailers serving as their main banker, and with self-employed professionals, farmers and small service industries, supporting them from the start up to the sale of their business. One in three tradespersons and one in four shopkeepers are customers of the Banque Populaire banks, which work with a total of 360,000 tradespersons and shopkeepers, 66% of whom also have their private account with a Banque Populaire bank. The leading bank among both franchisees and franchisers, with penetration of 25% and 57% respectively (CSA-FFF Dec 2009), the third-largest bank among self-employed professionals with 100,000 customers (OSEO Sept 2009), it also has more than 61,000 farmers among its customers.

Supporting clients setting up or buying small businesses

A key partner of the main networks assisting entrepreneurs and the leading distributor of business start-up loans, with market share of 27.5% (Oséo Sept 2009), the Banque Populaire network finances more than 70,000 projects every year and continues to support micro-loans to self-employed professionals. Together with the *Réseau Entreprendre* entrepreneurial network, the bank aims to increase sustainable development awareness amongst entrepreneurs and buyers of small businesses.

In 2009, Banque Populaire banks together with Crédit Coopératif, opened lines of credit totaling €20.5 million for ADIE (*Association pour le Droit à l'Initiative Économique*, a leading provider of micro-loans in France) helping a large number of self-employment projects that allow people to exit poverty. Since 2004, it has refinanced a total of more than €47 million, representing roughly 17,200 loans granted by ADIE to people with plans for new businesses.

Thanks to its partnership with Socama (small business mutual guarantee companies) and the European Investment Fund, Banque Populaire offers loans to entrepreneurs and buyers of small businesses without requiring a personal guarantee. More than 28,000 Socama loans were distributed in 2009, for a total of €765 million.

An active partnership policy

Banque Populaire banks work alongside CAPEB, a body for tradespersons and small businesses in the building industry, to support the work of tradespersons, especially *via* the ECO Artisan® scheme, to satisfy financing requirements and facilitate business transfers. Their advisors are active every year during the National craftspeople week (*Semaine nationale de l'Artisanat*) and the National week for entrepreneurship (S*emaine nationale de la création reprise*).

In partnership with the Chamber of commerce and industry (CCI) for the "*Challenge du Commerce et des Services*" (small businesses challenge), Banque Populaire banks participate in training courses for future economic attachés of the CCI.

The leading banks among both franchisees and franchisers, Banque Populaire banks have an active policy of listing new Franchise networks. Over one hundred of them are able to offer their members privileged relationships with Banque Populaire branches. In 2009, Banque Populaire banks worked on projects involving around 300 different brands *via* the national franchise structure.

It provides active support to young self-employed professionals to help them set up their practice, and has forged several partnerships with professional organizations such as the professional organization of physiotherapists in 2007, and that of nurses in 2009.

Providing help with setting up business, an array of financing solutions, bankup services and an electronic banking package: the "*Atout Libéral*" range of services is regularly extended.

The Banque Populaire network also rounded out its offering of guarantees to very small enterprises by distributing SACCEF products subsidiary of Natixis. These guarantees cover the financing of professional or mixed-use property purchases, for a number of specific customer categories including self-employed professionals and farmers, with three new SACCEF *Agri* guarantees rolled out in 2009.

At December 31, 2009, volumes of loans to small businesses dropped slightly by 3%, down to €23 billion.

A leader in electronic payment systems

With more than 50% of its customers equipped with bankcards and nearly 160,000 active contracts with shopkeepers as of end-December 2009, the Banque Populaire network is a leading player in payment systems for professionals. Its shopkeeper clients can now accept payments on the cards of *China Union Pay*, a leading global issuer.

In online retailing, the *CyberPlus Paiemen*t solution is one of the market leaders.

Banque Populaire banks are also focusing on working with healthcare professionals, with devices that read the *Sesam-Vitale* cards issued by the French Health Service and accept payments by bankcard.

In 2009, a new tariff package for payment of fees by bank card was very successful: the number of new contracts rose by 71% year-on-year.

A specialist in employee benefits for very small enterprises

The Banque Populaire banks maintained their level of employee savings for very small enterprises (+1%), with *Fructi Duo*, the first product designed specifically for this category. The number of contracts increased by 6% to 42,500, for total savings of almost €2 billion.

SMEs and institutional clients

Financing 38% of companies with over 10 employees (TNS Sofres 2009), Banque Populaire banks confirm their leadership on this segment with 75,000 business clients, showing net growth of 5%. 160 business centers and 1,000 employees serving the 172,000 entrepreneur clients of Banque Populaire banks.

Loans see growth

Loans to businesses rose 3% to €29.6 billion in 2009.

The leading partner of the OSEO, agency for innovation, the Banque Populaire network maintained this partnership helping small businesses in areas of guarantees, financing and business start-ups.

The Banque Populaire network is the third loan provider for small businesses with sales between €1.5 and €15 million. It is also very active in receivables management with Natixis Factor, leasing with Natixis Lease, financing renewable energies with Energeco and cash management with the Natixis Global Asset Management's range of products.

In 2009, Banque Populaire banks launched a service enabling businesses to obtain a market guarantee online with the subsidiary CEGI.

They are the privileged distributor of Coface's new Prospection Insurance which guarantees 100% of funds required for prospecting abroad if the budget does not exceed €100,000 per year.

As regards international development, companies wishing to invest in Morocco have been greatly aided by the co-financing and risk-sharing agreement signed at the end of 2008 with Banque Populaire du Maroc. This partnership could be reproduced in other Mediterranean and Asian countries.

New services for institutions

Banque Populaire banks, including Crédit Coopératif dedicated to the social economy sector, develop their positions with institutions and the regional public sector.

Supported by the expertise of the specialized subsidiaries of Groupe BPCE, they offer services to meet the new needs of these clients in a changing economic and reglulatory environment, marked by decentralization and increased banking penetration for the regional public sector and by increased consolidation among mutual benefit societies.

CRÉDIT MARITIME MUTUEL

A cooperative bank serving all coastal and port based economic players, Crédit Maritime's corporate purpose makes it a preferred bank to support the implementation of the fishing and marine culture policy.

Crédit Maritime is affiliated to BPCE and its regional banks are backed by Banque Populaire banks in coastal regions. In 2009, net banking income totaled €101.7 million, gross operating income €6.9 million and net income €5.6 million.

REGIONAL BANKS EX-SUBSIDIARIES

Groupe BPCE also has a network of regional banks, subsidiaries of regional Banque Populaire banks: Banque Chaix, Banque Dupuy, de Parseval, Banque Marze, Banque Pelletier, Banque de Savoie, Crédit Commercial du Sud-Ouest. These banks, with a strong foothold in their regions, reinforce Groupe BPCE's presence in active regions in the South of France, particularly in Aquitaine, Languedoc-Roussillon and Rhône-Alpes.

1.6.1.2 CAISSES D'EPARGNE

Caisses d'Epargne showed strong commercial performance on virtually all the markets in which they are present in terms of increased banking penetration, cash flow solutions, deposits and loans. Loans rose 7.3% to €137.3 billion, whilst customer savings and deposits increased by 1.6% to €327 billion. Net banking income totaled €6.1 billion.

Caisse d'Epargne accompanies its clients with all their projects: Retail Banking offers its services to individuals and small businesses, while regional development banking serves regional public and private entities.

Retail banking

Personal customers

INCREASED BANKING PENETRATION

Caisse d'Epargne is the only major French bank to pay interest on the demand deposit accounts of all its clients with a service package. Almost 5.2 million customers benefit from this, up 240,000 over the year.

4.5 million customers are also members of the multi-brand loyalty programme *S'Miles* which continues to be a success with more than 1 million loyalty gifts handed out to date.

In 2009, personal customer demand deposits rose on average by 5% increasing the Caisse d'Epargne market share to over 9%.

LIVRET A SHOWS RESILIENCE AND OTHER SAVINGS PRODUCTS PERFORM WELL

The year saw the deregulation of distribution rights for *Livret A* savings accounts, but only around 1% of clients made transfers. The *Livret A* savings account was harder hit by lower interest rates on regulated savings accounts which led customers to move to other products. Inflows for life insurance and PERP (popular retirement savings plans) rose by 140% totaling €4.2 billion.

Emprunts Ecureuil brought in €2.1 billion (gross) and sales of Caisses d'Epargne cooperative' shares totaled €3 billion, almost 4 times the amount in 2008. This reflects the high level of confidence that long-standing Caisse d'Epargne customers have in their bank.

Caisse d'Epargne also placed €450 million of the EDF bond, 14% of the total.

Three new mutual funds were launched and despite the capital markets crisis, Caisse d'Epargne UCITS volumes only dropped 13% totaling €15.7 billion at December 31, 2009.

LOANS: RECOVERY IN THE SECOND HALF FOR ALL PRODUCTS

Caisse d'Epargne continued to strengthen positions in consumer finance. In a contracting market, new loans totaled €5.6 billion, up 2.5%.

Caisse d'Epargne signed an agreement with "OSEO[1]garantie" to sell government-guaranteed loans for students. This guarantee fund is aimed at giving students easier access to bank loans. This solution is currently being rolled out in the Caisses d'Epargne.

A new offer, "*Prêt Pour Avancer*" is available for young people starting their careers offering a loan of up to €7,000, to help them set up and become independent. Caisse d'Epargne also promotes the Ecureuil Sustainable Development Loan (*Ecureuil Crédit Développement Durable*), to finance energy saving initiatives in consumer homes.

Home loans experienced a difficult first half, but sales picked up in the second half. Business was mainly supported by the following two factors: first home ownership as the interest-free loans were doubled and the Scellier law measures law which promoted buy-to-let investment.

New loans totaled €12.9 billion in 2009, compared with €13.8 billion in 2008. Caisse d'Epargne's market share for home loans exceeded 10% with €72 billion at the end of 2009.

The Caisse d'Epargne is the third leading distributor of the new interest-free *éco-prêt* (green loan) (Source: S GFGAS), set up in 2009 within the framework of the French government's environmental policies to help finance thermal insulation in homes.

PRIVATE BANKING: A NEW MARKETING STRUCTURE

With more than 500 account managers, and 144,000 active clients Private banking continued to show growth in 2009, providing strong inflows of financial savings totaling €2.3 billion in life insurance.

Growth was mainly seen in the high end life insurance Ecureuil Vie product *Nuances Privilèges* (+ 39%), and the Banque Privée 1818 wealth management offer.

New products extended the range with a view to tax optimization, namely Vivéris Management's wealth tax holding company Masseran Gestion's property fund and Ciloger Habitat's Scellier law REIT, one of the market leaders. A new Private Banking section has been created on the Caisse d'Epargne website and *Espaces Patrimoine* have been created in three pilot Caisses d'Epargne in an aim to provide a better service for high net worth customers.

In more general terms, 2009 saw the launch of a new structure aimed at providing special treatment for the Caisses d'Epargne's 886,000 high-net-worth customers (customers whose financial assets exceed €75,000). Specially trained wealth management account managers are dedicated to these customers for banking and wealth management matters. Customers whose financial assets exceed €150,000 managed by 500 Caisse d'Epargne private banking account managers, working throughout the country. They also benefit from the expertise of the Banque Privée 1818, the privileged partner to which selected Private Banking customers are channeled.

Small business customers

Almost one in ten self-employed professionals are Caisses d'Epargne clients, representing over 220,000 craftspeople, shopkeepers, self-employed professionals and small companies. 75% of these are also personal customers of the French saving banks. 1,500 branch managers and 1,100 account managers are specially trained and dedicated to serving small business customers.

CONFIRMED MOMENTUM

Net banking income was up 6% to almost €400 million. Average daily demand deposits increased 6.5% to €2.5 billion, whilst electronic banking contracts rose 13%. New loan origination for professional clients rose 5% to €1.8 billion despite the crisis. New loans for small business customers with personal accounts totaled €1.2 billion. Net inflows, excluding the *Livret A* savings product, were positive. Net inflows totaled €205 million in life insurance whilst the subscription of members' shares exceeded €100 million.

The saving banks continued to increase penetration in franchises and trade organizations and maintained annual growth of 12% on files transmitted to Caisses d'Epargne.

Interest-bearing current accounts, service packages such as *Franchise & Vous*, the *Visa B usiness* card and innovative electronic banking solutions are driving increased banking penetration.

Whether it concerns business creation or business transfer, equipment loans, financial leasing or long-term rental, business clients have a complete range of products for financing their requirements in a simple and personalized way.

Offers launched in 2009: a simplified overdraft facility of up to €7,500 and *Facturea*, a simple and flexible factoring solution. Designed together with Natixis Factor, it offers a flat rate based on the amounts transferred.

Regional development banking

Regional development banking is aimed at all the decision-makers at regional level: businesses; property developers and builders; the public sector; and players in the social economy and social housing sectors. Regional development banking draws on expertise from across the entire Groupe BPCE to meet client expectations. It has directly benefited from the increase in size following the amalgamation of individual Caisses d'Epargne enabling it to serve key regional accounts.

Regional development banking's new business center format and its sales slogan "Regional decision-makers" embody the Group's ambition to make Regional development banking the driving force of commercial banking.

This new concept shows the Group's intention to accompany regional economic development decision-makers and brings together Regional development banking's sales skills in one place providing improved collective efficiency. It provides a very open structure revealing the user friendly and modern customer area. In 2009, nine Regional development banking business centers were refurbished based on this concept.

Business was strong due to increased banking penetration, with average demand deposits of €3.4 billion, up 15%. Deposit inflows totaled €818 million. Loan outstandings rose €6 billion despite shrinking demand.

(1) OSEO is a public entity whose mission is to finance and assist SMEs.

Corporate customers

STRONG INCREASE IN ACTIVE CLIENTS

Caisse d'Epargne plays a role in the success of companies at a regional level. 300 account managers serve 27,800 clients. Over 3,600 companies joined Caisse d'Epargne in 2009.

Despite a difficult context, the number of active clients rose 11% over the year. Loan outstandings totaled €5.7 billion (up 16%), deposits totaled €2.1 billion up 4%, and transactions processed exceeded €43.8 billion.

From payment processing and operating cycle management, to employee benefit planning, from investment financing, purchasing or selling of businesses, to providing support for business owners, Caisse d'Epargne offers a comprehensive and competitive range of products tailored to client needs due to support from the Group's specialized subsidiaries.

Social economy

GROWTH IN DEMAND DEPOSITS

Caisse d'Epargne strengthened its position throughout the social economy sector. New loans grew sharply, up 60% in excess of €1 billion, whilst payment processing maintained growth: average daily demand deposit balances rose 11% to €1.3 billion.

Account managers boosted sectorial expertise offering solutions tailored to the differentiated needs of their clients: corporate finance for mutual insurers, low-interest financing in the context of subsidies offered by the European Investment Bank (EIB) within its *France Santé Solidarité* funding envelope or funded by the *Livret d'Epargne Populaire* and the *Livret Développement Durable*.

Caisse d'Epargne also strengthened its ties with UNIOPSS[(1)], FEGAPEI[(2)] and FNOGEC[(3)].

One protected person in three is a Caisse d'Epargne customer, totaling around 284,000 at the end of 2009. In 60% of cases their accounts are managed by legal representatives – trusts, private managers or hospitals – and by a close friend or relation in 40% of cases. Assets managed totaled €5.7 billion up 6% at December 31, 2009.

In each region, Caisse d'Epargne offers protected persons, their families and their guardians, the support of dedicated teams, a tailor made offer and Webprotexion, an account management service *via* Internet, facilitating account management for professional legal representatives or family guardians.

The public sector

MAJOR PLAYER IN PUBLIC SECTOR FINANCING

A major player in financing the regional public sector, public health and social services sector, in 2009 Caisse d'Epargne accompanied the economic recovery plan focused on local authorities. New loans totaled €12.3 billion comprised of €5 billion short term and €7.2 billion medium and long term. Medium and long term loan outstandings totaled €42.7 billion at December 31, 2009. Financing of public-private partnership projects totaled €641 million at the end of 2009. Debt management transactions totaled €2.6 billion, up sharply compared with 2008.

Caisse d'Epargne continued to distribute EIB subsidized resources to the public hospital sector (€150 million) and buildings of high environmental quality (€350 million).

Automatic cash management, remote transmission, payment for services by Internet (canteens, school transport, etc.), payment for services by Cesu payment vouchers (aid for the elderly and the disabled, etc.), dedicated purchase cards… Caisses d'Epargne work side by side on a daily basis with the regional public sector.

Caisse d'Epargne provides 37,000 French town councils and 2,600 districts with a Financial and Socio-Economic Diagnosis and a reference document to facilitate budget discussions. With its Financial panorama of towns and districts (ADCF/Caisses d'Epargne), the Financial Barometer of towns and districts (AMF/Caisses d'Epargne/CSA), the report on the Financial impacts of a reform in regional organization (ADF/Caisses d'Epargne/KPMG),the *Ecodéfi Forum*, the Financial Day with the Association of Small French Towns: Caisse d'Epargne helps local authority and regional public institution decision-makers to anticipate the future, increase their knowledge and share information.

Social housing

A CLOSER BANKING PARTNERSHIP

The Caisse d'Epargne is the leading privately owned bank in the social housing sector, historically financed by deposits in *Livret A* savings accounts. It is itself a private social housing operator and also participates actively in the governance of more than 250 public and private social housing bodies.

In 2009, the Caisse d'Epargne and Crédit Foncier obtained €2.2 billion in regulated PLS/PLI/PSLA home loan tenders from the French State, and used the first €125 million tranche of the European Investment Bank's France Social Housing initiative, which helped them boost funding for social housing, the renovation and construction of which are encouraged by government stimulus.

Groupe Caisse d'Epargne and Crédit Foncier offer 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. The Caisse d'Epargne and Crédit Foncier new medium and long term financing totaled nearly €2 billion resulting in loan outstandings of €9 billion at the end of 2009. Customer deposits outstanding totaled €5.6 billion, €3 billion of which are invested in *Livret A* savings accounts.

SOCIAL HOUSING OPERATOR

Groupe BPCE is also a private social housing operator with GCE Habitat, Erilia and the Social Housing Enterprise subsidiaries of Caisses d'Epargne, with more than 149,000 social housing units managed and production of around 4,000 homes per year.

The Group is also present in the field of semi-private companies with GCE Sem.

GCE Habitat and Erilia

GCE Habitat is the Group's main social housing operator, managing a portfolio of 70,500 social housing units up 1.5%, over the previous year including 68,200 family housing units and 2,300 beds in nursing homes. It carries out technical engineering and IT services for Social Housing Enterprises and semi-private companies, with 200 clients.

---

(1) National Federation of Private Health and Social Organizations (Union nationale interfédérale des œuvres and organismes privés sanitaires and sociaux).

(2) National Federation for the Management of Associations Providing Employment and Services to Mentally Disabled Persons (Fédération nationale des associations gestionnaires au service des personnes handicapées).

(3) National Federation of catholic education management (Fédération nationale des organismes de Management de l'enseignement catholique).

GCE Habitat groups together seven Social Housing Enterprises in two large geographic areas: LOGIREM group in the Provence-Alpes-Côte d'Azur, Corsica and Languedoc Roussillon regions, and SIA group in Nord Pas-de-Calais, Picardie and Île-de-France with Viléal Habitat. In 2009, new housing for rental or home ownership exceeded 1,900 units up 29%. For better upstream management LOGIREM and SIA have developed a new activity in the area of refurbishment.

Erilia manages 47,249 social housing units, retirement homes, student housing and accommodation for seasonal workers. It is present in the South of France, in the Rhône-Alpes region, on the Atlantic coast and in Île-de-France. Highly active in the field of urban renewal, Erilia delivered 1,720 social housing units in 2009. It has 1,717 units under construction and a further 2,043 under renovation.

GCE Sem

A banking institution providing financing to local authorities and a private partner of local public companies, with equity investments in 50% of them and an investment of €150 million, Groupe BPCE is a major player in the semi-private company sector. GCE Sem is a shareholder in semi-private companies in the real estate and refurbishment sectors, urban renewal, social housing development and public-private transactions.

Three major projects were launched in Marseille in 2009:

- the building of 22,000 square meters of social and intermediate housing as well as a hostel for disabled workers;
- a crèche and offices in the city's fourth *arrondissement*;
- the *Docks Libres* project, in partnership with Nexity and Sogima, which includes social housing and a business village on the Euro Méditerranée site;

GCE Sem also accompanies local authorities and social housing owners in their renewable energy projects. GCE Sem also assists them in drafting their social utility agreement and in determining their asset management strategy, or provides them with expertise in personal care services, with DéFi Crèche a childcare solution.

Professional real estate

LONG TERM PARTNERSHIP

The Caisses d'Epargne are prime players in financing the professional real estate sector (Builders, Property developers, Investors), strongly positioned throughout France, and showed initiative in 2009, adapting their business amidst the crisis.

New real estate loans totaled €1.8 billion whilst financing outstanding and financial guarantees totaled €5.7 billion.

Caisse d'Epargne specialists build a close relationship with real estate professionals which was key to developing projects and financing new real estate transactions; enabling teams to fulfill their role as economic players in a troubled market.

1.6.1.3 REAL ESTATE FINANCING

Crédit Foncier

Crédit Foncier is the leading French bank specialized in real estate financing. It works in close synergy with the Caisse d'Epargne network, serving personal customers, businesses, institutions, local authorities, public and private groups. Its subsidiary, Compagnie de Financement Foncier, is one of the world's leading private bond issuers.

Crédit Foncier showed its ability to meet the requirements of the economic recovery plan in 2009. Net banking income totaled €999 million, down 3.7% compared with 2008. Gross operating income came out at €414 million, stable at 0.2%. Net banking income totaled €220 million stable compared with 2008.

Individuals: focus on first-time buyers

New loans to personal customers amounted to €7.7 billion down 7.1%, compared with a market decline of more than 15%. Total volumes of direct loans to personal customers stood at €46.1 billion at December 31, 2009 up 5.5% compared with 2008.

Crédit Foncier prioritized growth in the more active first-time-buyers segment, increasing market share from 6.2% to close to 11%. It reinforced its position on the interest-free loan segment with a market share of 23% and loans to low-income families (36% market share). New variable-rate, first-time-buyer and interest-free eco-loans were added to the range. It confirmed its position in the buy-to-let market driven by the Scellier law products. All loans have been redrafted to simplify them for home owners.

Public sector: business depressed with the exception of social housing

In social housing, new loans totaled €1.2 billion up 19.9%, and an additional €1.7 billion in commitments. Crédit Foncier focused on regulated loans, winning nearly 60% of loans offered by the government under the various schemes (*Prêts locatifs sociaux* (PLS)/Prêts locatifs intermédiaires (PLI)/*Prêts sociaux locatifs aidés* (PSLA)).

In France's regional public sector, demand remained stable, but at a high level for hospitals. Crédit Foncier focused on refinancing offered by the European Investment Bank (EIB). New loans totaled €494 million. Interest-rate arbitrage transactions were carried out on existing debt totaling €1.7 billion, up 30%.

New loans to local authorities outside of France totaled €2.5 billion down 25.2%. Outstandings amounted to €15.8 billion at December 31, 2009 over 70% of which in Europe and 23% in North America.

Private players: selectivity

In the depressed market of 2009, new loans to private players totaled €2.8 billion, down 27.5% compared with 2008, but better than the market overall. Loans to developers, investors and businesses focused on the best risks. New loans granted to private-public partnership new loans totaled €589 million down just 6.5%.

Bond market: robust activity

Government-guaranteed issues allowed the bond market to reopen, while the European Central Bank's repurchase agreements got the covered bonds market going again. With a volume of €60 billion, the ECB plan involves direct purchases on the primary and secondary markets for a year, until June 2010.

In a volatile market, Compagnie de Financement Foncier confirmed its leading position in covered bond markets, with a total of €15.8 billion issued.

Compagnie de Financement Foncier, rated AAA/Aaa/AAA (stable outlook), and Crédit Foncier, rated A/Aa3/A+, continued to secure refinancing for the Group. They raised €19.9 billion in 2009 compared with €8.5 billion in 2008. The average maturity of Compagnie de Financement Foncier's issues has risen from 4.11 years in 2008 to 8.77 years in 2009, reflecting the confidence of leading investors in its name.

1.6.1.4 INSURANCE, INTERNATIONAL BANKING AND OTHER NETWORKS

Insurance

Insurance is one of the chief growth drivers of the banking networks and Groupe BPCE is France's second bancassureur (Source: FFSA/G11). It is built around specialized subsidiaries and partnerships with insurers who have developed expertise in their fields. The Group thereby satisfies the day-to-day needs of network customers, offering a wide range of life, non-life, provident and payment-protection insurance.

Groupe BPCE is also present in personal-care services and payment vouchers, including pre-paid CESU vouchers for casual employees providing such services.

Life insurance

Life insurance is the driving force in deposit gathering for the networks. Groupe BPCE can call on several companies to satisfy their needs and those of their clients.

- Groupe BPCE, together with La Poste, owns 35.5% of CNP Assurances, France's leading personal insurer. CNP Assurances designs and manages life insurance policies distributed by the Caisse d'Epargne networks, with the support of Ecureuil Vie Développement, which coordinates the business.
- Natixis Assurances provides life insurance products *via* Assurances Banque Populaire Vie and Natixis Assurances Partenaires, for the Banque Populaire banks and independent financial advisors.
- Prépar Vie is the subsidiary dedicated to the BRED Banque Populaire.

2009 was a good year for life insurance which remains "France's preferred investment product". Low short term rates favored gross inflows, up 12% and mitigated withdrawals, resulting in a net inflow up 80% in France.

Groupe BPCE networks performed better still, with gross inflows in excess of €14.1 billion, up 22%, and net inflows over €5.6 billion. In addition, two BPCE bonds were placed in unit linked policies and distributed by the Banque Populaire and Caisse d'Epargne networks.

In April 2009, the Caisses d'Epargne successfully launched the *Livret Assurance Vie* passbook account, in response to the demand for secure savings schemes and attractive returns amidst strong volatility. Products marketed throughout the spring and autumn satisfied both these criteria offering a product denominated solely in euros exempt from purchase fees.

Banque Populaire banks seized a market opportunity and marketed a zero coupon bond in unit linked life insurance policies offered by Natixis Assurances.

Non-life and provident insurance

Non-life and provident insurance include car, home, legal protection, accident, medical and health, and invalidity insurance, and provident insurance for professionals and collective provident, health and retirement insurance.

The Group's main structures are Natixis Assurances, in partnership with MAAF in non-life insurance, and GCE Assurances, in partnership with Macif and MAIF mutual insurance companies.

GCE Assurances, whose products are distributed by the Caisse d'Epargne network and Crédit Foncier, manages a portfolio of more than 2.1 million non-life and health contracts. Its new car insurance policy "Mon auto & moi" launched in May met with great success. This insurance offers four all inclusive policies tailored to suit the specific needs of each type of customer. This new offer boosted car insurance sales by 20%.

GCE Assurances total sales came out at €440 million up 8.2%.

Natixis Assurances non-life lines also performed well in the Banque Populaire network and FONCIA with sales totaling €202 million, up 3.3%. The *MR Privilège* comprehensive home insurance product offered to FONCIA tenants recorded strong growth, as did comprehensive insurance for craftspeople and shopkeepers.

Provident insurance for personal and small business customers premiums issued by Natixis Assurances totaled €166 million up 11%. The three main provident insurance products *Fructi-Famille* death insurance, *MAV* accident insurance, and *Autonomis* invalidity insurance, performed well.

Payment-protection insurance and guarantees

Inseparable from the lending business, payment-protection insurance, financial sureties and guarantees allow the Group to offer a comprehensive range of secure solutions to personal and small business customers, real estate professionals and businesses.

- Natixis Assurances works alongside CNP Assurances in payment-protection insurance for Caisses d'Epargne and Banque Populaire banks customers.
- Compagnie Européenne de Garantie et Cautions, a Natixis subsidiary, is the second-largest player in the French market for loan guarantees.

The percentage of loans offered by CNP Assurances or Natixis Assurances has increased in the Banque Populaire and Caisse d'Epargne networks, in a changing regulatory environment: Regulations imposing the separation of loans and insurance is expected in 2010. Against this backdrop, a new offer, *Ecureuil ADE* Services, was tested in certain Caisses d'Epargne and will be rolled out in 2010. A similar offer will be launched in the Banque Populaire network in 2010.

New property guarantee insurance was up 13% in the Caisse d'Epargne network due to much higher penetration.

International banking

From the outset, both Groupe Banque Populaire and Groupe Caisse d'Epargne had international activities *via* stake holdings or subsidiaries in specific geographic regions: Central and Eastern Europe, Central Africa for one and the Mediterranean basin and overseas territories for the other. In addition to its current international network, Groupe BPCE intends to continue its international development in Commercial Banking by acquiring majority shareholdings in small or medium sized banks, and targeting countries with strong growth and high banking penetration potential. A dedicated structure, to be called BPCE International et Outremer* will support all the Group's international subsidiaries.

VBI in Central and Eastern Europe

24.5% owned by BP Participations, Volksbank International AG (VBI) is present in 9 Central and Eastern European countries. It operates 1.5 million accounts for personal customers and SMEs through a network of 582 branches. NBI totaled in the region of €489.5 million and net income totaled €33.3 million.

* *Subject to the necessary authorizations.*

Carige in Italy

15% owned by CE Participations, Carige (Caisse d'épargne de Gênes) has a strong presence in northern Italy with 22% market share and NBI of more than €1 billion. Banca Carige employs 5,900 people in 1,000 branches and insurance outlets. The bank is primarily positioned on the personal customers and SMEs markets.

BICEC and BCI in Central Africa

Banque Internationale du Cameroun pour l'Epargne et le Crédit (BICEC) is the country's leading bank and leading banking network with 29 branches. It has 215,000 individuals, professionals, associations, SMEs and large corporates as clients and operates over 300,000 accounts. A 61.2% owned Group subsidiary, NBI totaled €56 million and net income came out at €9 million.

Banque Commerciale Internationale (BCI) in Congo-Brazzaville with its network of 16 branches accounts for half of the country's banking branches. It has almost 40,000 clients, mainly personal customers. NBI totaled €12 million and net income €2 million.

Financière Océor overseas and international banking

Financière Océor is comprised of ten banks and a services division with subsidiaries specialized in tax-efficient solutions, financial engineering and leasing. In overseas territories, 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 Mauritius (Banque des Mascareignes), Tunisia (BTK), Morocco (CIH – 23.8% owned) and Luxembourg (BCP Luxembourg – 50.1% owned). Océor also owns 40% of Fransabank France with Fransabank SAL. Financière Océor draws up and manages its growth strategy, and directs all operations.

In 2009, the subsidiaries in Saint-Pierre-et-Miquelon were merged.

BTK and Banque des Mascareignes extended their network. BCP Luxembourg opened its first branch in Belgium.

Over the year, Océor financed and arranged the new Port Réunion cereal terminal in the form of a PPP and financed photovoltaic power plants.

The other networks

In addition to its two large historical networks, and in an aim to broaden its coverage, Groupe BPCE is present throughout France with both general and specialized networks, national and regional, all with the same aim of offering their clients first-rate tailored services.

Banque Palatine

Banque Palatine helps the owners of large and medium sized companies manage their personal and business assets. It has 51 branches in France whose renovation is almost complete.

Focused on gaining market share and improving profitability, Banque Palatine has maintained its upbeat development: 3 companies and 12 wealthy individuals opened an account with the bank every day throughout 2009. These new customers were mainly in the targeted area of companies which generate sales in excess of €15 million and small business owners.

The Bank also confirmed its leading position with property managers with almost 1,500 clients and market share close to 40%.

Loan outstandings for companies were up 6%, to €3.71 billion. New documentary credits rose 28%, exceeding €500 million. Financial inflows increased with deposits totaling €6.52 billion.

Its subsidiary, Palatine Asset Management, saw an increase of almost 17% in assets under management totaling over €5 billion at December 31, 2009.

Banque Palatine's financial statements show sound risk management despite a tough environment. The Bank's cost/income ratio improved strongly to 65.6%. Net banking income was up 28% at €261.1 million, gross operating income totaled €89.8 million and net income came out at €19.3 million despite €35.6 million in impairments.

Société Marseillaise de Crédit (SMC)

Société Marseillaise de Crédit, "the Southern Bank", has over 140 branches around the Mediterranean basin. With a strong regional identity, the SMC builds its development upon a close individual relationship with its personal customers and small companies.

The SMC launched its Strategic Plan "*SMC 2013, client-centered*" which is characterized by its clear ambition to increase its client base, which gained 16,000 new clients in 2009.

The Bank also confirmed its support to entrepreneurs launching various initiatives, among which it became a founding member of "*busibook.fr*". Launched by the Marseille Provence Chamber of Commerce and Industry and the Medef Bouches du Rhône, this is the first free social network on Internet for entrepreneurs and managers.

Total deposits rose 3.2% to €3 billion. Financial outstandings dropped 1.7% to €2.5 billion due to low inflows, linked to uncertainty on the markets. Life insurance outstandings were up 4.3% at €1.7 billion and new policies rose 14% better than the market overall which rose 12%.

60,000 *Livret A* savings accounts were opened adding an additional €180 million.

At December 31, 2009, customer loans outstanding totaled €2.5 billion up 4.5%.

Net banking income, was up 2.4% like-for-like to €193.4 million, gross operating income totaled €59.3 million and net income €38.6 million. The cost/income ratio came out at 69%.

Other banks with client or operational specificities round out the Group's banking network: MA BANQUE, Banque BCP, Socram, SBE…

1.6.2 Corporate and investment banking, savings and financial services

Natixis is Groupe BPCE's investment bank, serving large companies, institutional investors and the public sector. It also offers solutions for personal customers, professionals and SMEs from Groupe BPCE networks with which it works in cooperation.

In 2009, Natixis simplified its governance and carried out an in-depth review of its business. Its risk-weighted assets (GAPC) are 85% guaranteed by BPCE. In September it launched New Deal, a new strategic plan 2009-2012, focused on clients, a lower risk profile and three main business lines:

- Corporate and investment banking (CIB): Natixis is Groupe BPCE's investment bank;
- Savings, including asset management, insurance and private banking: Natixis is one of the top 20 global asset managers and aims to reinforce its positions;
- Specialized Financial Services (SFS): Natixis offers retail bank networks solutions which are designed and managed industrially.

Several cross-entity projects have been launched to optimize support functions, develop synergies with the networks and increase cross sales between Group entities.

Natixis continues the goal of restoring its activities to health. Net banking income of continuing activities totaled €5.5 billion, with net income recording positive results in the second half of the year. Listed on Euronext Paris, Natixis had a robust financial structure at December 31, 2009 with Tier-1 capital of €12.7 billion, Tier-1 ratio of 9.1% and good long term ratings: A+ (stable outlook) for Standard & Poor's and Fitch Ratings, Aa3 (stable outlook) for Moody's.

1.6.2.1 CORPORATE AND INVESTMENT BANKING

Natixis accompanies its clients in their day-to-day business, their development, their investment strategy and risk management, in determining and designing financing solutions.

Due to its position in Commercial Banking, Natixis builds a close relationship with its clients. The expertise and technical prowess of its teams, backed up by respected and award-winning research, allow Natixis to tailor solutions to its clients' needs in France and internationally within a risk-managed framework.

In 2009, CIB activities recorded net banking income of €2,561 million and €3,243 million excluding the impact of the Credit Portfolio Management.

Commercial Banking

Natixis boasts more than 2,000 large European companies amongst its clients, almost 1,000 institutional investors, including 300 key accounts based in Europe, and 700 international banks.

Commercial Banking includes conventional financing, cash flow solutions and M&A advisory services.

Capital Markets

These activities cover equity, fixed income, credit, currency and commodities markets.

2009 was marked by high profitability, particularly in fixed income, credit, and treasury in an environment of increased standardization in capital markets. Focus was placed on cutting costs sharply and reducing risks significantly (outstandings reduced by 25%, VaR reduced from €37 million to €10 million).

Capital Markets rethought their supply strategy on equity markets, moving from a multi niche strategy towards an extended offer of integrated products, to take into account clients' changing demands.

Structured finance

Natixis has developed renowned expertise in several specialized fields: export loans, project finance, aviation, commodities, energy, acquisitions and strategic finance, syndication and securitization.

In 2009, the debt and financing business focused on high value added positions such as arranger and advisory services. It continued to be selective in its commitments and maintained strict risk management.

In 2009, debt and financing also reorganized its five global business lines to create significant sized divisions joining together similar skills, organized as independent profit centers with a clearly defined strategy: commodity finance, asset finance and international trade finance, real estate finance, strategic finance and acquisitions, syndication and securitization.

1.6.2.2 SAVINGS

This business line joins together three discretionary asset management business lines: asset management, insurance and private banking. Together or separately, they propose global solutions to private and institutional clients in investment and risk management.

Asset Management

Increased volumes and improved profitability

Natixis Global Asset Management is organized as a "one stop shop" with twenty asset management companies using differing investment approaches. Its global distribution structure provides it with a strong presence in Europe, the United States, the Asia-Pacific region and the Middle East.

In 2009, Natixis Global Asset Management showed a robust recovery with assets under management up 14% to €505.2 billion, and an increase in net inflows in Europe and the United States. Net banking income for asset management totaled €339 million in the 4th quarter of 2009 with net income clearly positive for the full year 2009.

In addition, Natixis Global Asset Management opened a sales office in Taïpei to strengthen its presence in Asia.

Insurance

Natixis Assurances designs and manages a comprehensive range of individual and collective life insurance, provident insurance and non-life insurance products. It is present internationally in partnership with local banks.

It manages almost 1.3 million individual and collective life insurance contracts and 795,000 non-life contracts.

Life insurance volumes totaled €33.4 billion, up 8% compared with December 31, 2008. Life insurance sales rose + 14% over the year at

€3.6 billion outstripping the market. In provident insurance strong sales continued in the networks with revenues up 24%. Unit-linked products accounted for more than 15% of total life insurance sales.

Private banking

Private banking in France is provided by Banque Privée 1818, born from the merger in 2009 of Banque Privée Saint Dominique and La Compagnie 1818 Banquiers Privés, and by Natixis Private Banking International in Europe. Private banking offers financial and wealth management solutions to suit the needs of major private investors, particularly entrepreneurs and managers. It serves its own customers and offers its services to the Groupe BPCE network and independent asset management advisors.

In addition, 1818 Partenaires, a subsidiary of Banque Privée 1818, is the 2nd largest multiproduct platform in France for independent wealth management professionals.

With €14.6 billion assets under management at December 31, 2009, Natixis is one of France's key Private banks.

1.6.2.3 SPECIALIZED FINANCIAL SERVICES

Specialized Financial Services brings together seven divisions which enable the banking network to offer their clients a wide range of services and specific financial products.

From product design to transaction management, the bank's offers are based on an industrial logic. Throughout all businesses, this large scale logic offers clients cutting edge expertise and high-end competitive products.

Developed for Groupe BPCE banks and their clients, these solutions also meet the needs of other large banking networks and financial institutions.

In 2009, Specialized Financial Services showed good resilience with net banking income totaling €214 million. After a year penalized by the deterioration in the economic environment, particularly in the first half, NBI for specialized financing was up 5% in the 4th quarter at €108 million, whilst financial services rose by only 2% at €106 million.

Specialized Financial Services focused its development over the year on optimizing transactions with the Groupe BPCE networks and investing in IT.

Financial services

The EuroTitres department is responsible for retail custody private banking and administrative management. With close to 3.4 million securities accounts, it is the leading sub-contractor in its field in France (source: Natixis).

Natixis Paiements manages all types of national, European and international, interbank and card payments and payment transactions. It is the 3rd electronic banking operator in France (source: Natixis) managing over 6 million cards. In 2009, Natixis Paiements treated 3.9 billion transactions. In 2009, this business developed three new platforms for its clients using cutting edge technology: *SystemPay* (e-commerce and remote selling payments), *Prepaid Anywhere* (management platform for all types of prepaid bank cards) and *Brand'It Yourself* (a process for creating personalized cards).

Natixis Interépargne and Natixis Intertitres, specialized in employee benefits planning, offer a comprehensive range of employee savings solutions, employee share ownership schemes, pension and provident insurance products, and special payment vouchers.

Natixis Interépargne is the leading employee savings manager in France, managing a total of €17.4 billion at December 31, 2009. (source: AFG 2009)

Natixis Intertitres issued over 70 million special payment vouchers in 2009 for over 22,000 companies and local authorities.

In 2009, several employee benefit products were welcomed by customers: incentive plans for small business customers of the Banque Populaire network, employee savings solutions for SMEs and self-employed professionals banking with the Caisse d'Epargne network. New e-services were developed for employees in employee savings schemes.

Specialized financing

Compagnie Européenne de Garanties et Cautions works on several markets. Is has strong positions in real estate with borrowers, professionals, property managers and realtors. Volumes of guarantees totaled €58 billion at December 31, 2009.

Natixis Factor offers all types of solutions in receivables management: credit insurance to cover past-due payments, factoring to speed up recovery of due payments, company information to assess solvency. In 2009, Natixis Factor invested in a new production process to develop current services, ensure quick turnaround time in creating new products which are even better adapted to each business segment or client segment and to improve customer relationships.

Natixis Lease offers lease finance products for real estate and non-real estate investments: leasing, operating leases, long-term rentals, etc. In 2009, leasing offers marketed by the regional banks of Groupe BPCE (Société Marseillaise de Crédit, Crédit Commercial du Sud-Ouest, Banque Chaix, Banque Dupuy, de Parseval, Banque Marze, Banque Pelletier and Banque de Savoie) recorded very encouraging net income for the year (close to €30 million in new non-real estate leases).

Natixis Lease managed 90,000 contracts for a total of €8 billion at December 31, 2009.

Natixis Financement offers revolving credit and manages consumer loans.

In 2009, two new customer service centers were opened in Guadeloupe and Reunion Island responsible for granting loans, after-sales service and payment recovery.

Consumer finance created Liveo for customers from overseas territories, which is similar to the Caisses d'Epargne revolving credit product Teoz launched in October 2009.

Volumes of revolving credit totaled €1.3 billion whilst volumes of consumer loans managed administratively totaled €7.3 billion at December 31, 2009.

1.6.3 Equity investments

Group BPCE's equity investments division is comprised of the Group's equity investments in Nexity, FONCIA, Maisons France Confort, Eurosic, Meilleurtaux and Natixis' equity investments in Coface and Natixis Private Equity.

1.6.3.1 REAL ESTATE SERVICES

Against the backdrop of the difficult economic environment, Nexity, FONCIA, Maisons France Confort and Eurosic showed good resilience. Several of them gained market share seizing opportunities offered by increased demand from first-time buyers and individual investors, supported by government stimulus. With more than 300,000 new builds in 2009, the recovery in the new housing market is underway and sales of existing homes also recovered well in the second half.

Despite the crisis, real estate is a key issue for the French. The major lack of new homes, reduced purchasing power, household solvency and access to credit and Grenelle Environnement requirements are all opportunities for creating suitable and innovative solutions.

The Group's broad expertise in real estate enables it to develop attractive integrated products in line with the multi-channel distribution strategy of BPCE's Commercial Banking division.

Nexity

Nexity covers all aspects of real estate services for private individuals, companies and local authorities. Leader in the different segments of the real estate market: property development (homes, housing estates, shops or businesses) individual and business services, realtor branch networks, asset management and urban renewal, Nexity provides a comprehensive solution to customers' needs throughout France. Nexity is also present in Europe.

Robust activity in new homes

Activity in new homes picked up, off-plan sales were up 44% in France at 13,013 units (including 10,808 new homes and 2,205 building plots), driven by the stimulus provided by the French government; the Scellier scheme to encourage investment in rental property, doubling of interest-free loans to first-home buyers, the "PASS-FONCIER®" scheme for new home ownership, and the drop in interest rates. Nexity has taken advantage of increased demand from individual investors and first-time buyers due to its offer focused on compact homes in large cities.

In the office real estate sector, new developments have not yet benefited from the gradual improvement in investment, and net orders remained limited.

In the services sector, the number of residential units under management remained stable at almost 970,000. Office space under management totaled 8.4 million square meters. In the distribution sector, the number of franchised realtors stabilized in the second half totaling 1,405 branches at December 31, 2009.

Due to its diversified economic model and boosted by its services business which proved resilient despite the downturn in the market, Nexity's sales were up 6% in 2009 at €2.8 billion, operating income came out at €206 million, with a operating margin of 7.3%.

Organization remodeled

In 2009, Nexity reviewed its organization to improve customer relationship. Nexity created a Business Development and Organization division to boost growth, confirm market positions, and promote synergies. This division centralizes all organic and external growth transactions. It also accompanies new project launches in France and internationally, partnerships and joint ventures with the Group's subsidiaries.

Nexity has created a Strategic Marketing division to take into account clients' global demand, and to develop new offers for personal customers, companies and local authorities. Sustainable Development reports to General Management. To pool together and coordinate property development and rental management skills, the Director of the social housing division is now responsible for managed residences (service residences, retirement homes, student residences) supported by Nexity-Patrimoine for property development and by Lamy-Résidences for management.

FONCIA

FONCIA is specialized in residential property management and transactions with 508 integrated and 101 franchised branches at December 31, 2009. Its network works closely with the Banque Populaire network, particularly for cross-selling of loans and comprehensive home insurance for tenants, loans for real estate owners, and selection of high quality rental properties for high-net-worth customers.

FONCIA is active in co-ownership projects and in guaranteeing good installations applying the Grenelle Environnement environmental regulations. The aim is to adapt future regulations to suit the specificities of co-ownership and to secure sustainable client investment.

A new website was launched at the end of 2009 providing new functions and FONCIA branches adopted software which will enable them to offer their clients new services.

FONCIA sales totaled €543 million up 3.5% compared with the previous year. This reflects the robustness of FONCIA's business model, with 85% of its business being recurrent: rental management with 274,000 properties under management and residential building management services with over 1 million properties. Sales volumes totaled 11,200 in 2009.

Maisons France Confort

Maisons France Confort, whose holding company MFC PI is 49% owned by Groupe BPCE, is one of the leading builders of single-family homes in France. Market conditions pushed new builds down about 30%, partially offset by shorter building times.

Demand nevertheless picked up strongly in the second half. 6,123 orders were placed by December 31, 2009, up 19% compared with 2008, with around 15% of these sales driven by the PASS-FONCIER® scheme.

Sales totaled €395 million, down 21% compared with 2008, but Maisons France Confort's quick turnaround and flexibility (86% of its costs are variable), enabled it to maintain positive operating profit in the region of 4%.

Eurosic

Eurosic is a listed real estate company. It owns more than 150,000 square meters of office space in Paris and the Greater Paris region, including Groupe BPCE's headquarters. It also owns leisure properties managed by Center Parcs and Club Med, and refrigerated warehouses. Significant transactions in 2009 include completion of the Quai 33 tower in La Défense (22,500 square meters) and the Jazz tower in Boulogne-Billancourt (7,500 square meters), completion of a data center in Lille Seclin (3,900 square meters) and the development of a new office building in Lille Seclin (8,700 square meters).

Rental income was up 5.9% at €81 million in 2009 due to favorable indexation. Rental on office space accounted for 53% of the total, leisure facilities 26%, business parks 16% and logistics 5%.

1.6.3.2 RECEIVABLES MANAGEMENT AND PRIVATE EQUITY

Coface: world leader in receivables management

Coface facilitates exchanges between companies worldwide offering four receivables management tools: credit insurance, factoring, company information and ratings, and receivables management. In France, Coface is also responsible for managing public export guarantees on behalf of the French State.

Coface has 6,700 employees in 67 countries serving 130,000 companies, including 45% of the top 500 global corporates.

In 2009, Coface launched a new global IT application which manages all its credit insurance risks, in France and in all the countries where it is present.

Natixis Private Equity: Leading French operator in private equity for small and medium-sized companies

Natixis Private Equity, a subsidiary of Natixis, is active in all areas of private equity: venture capital, expansion capital, buy-in and buy-out, and funds of funds. At December 31, 2009 it held a portfolio of over 600 equity investments and managed €4.4 billion.

With a view to selling its proprietary trading private equity business in France, Natixis confirmed in a press release dated April 20, 2010, that it had concluded a draft agreement with Axa Private Equity. Axa Private Equity confirmed its offer dated February 14, in which the global value of the portfolio is evaluated at €534 million. This draft agreement will be submitted to the employee representative bodies and the Board of Directors of Natixis Private Equity for approval. Natixis will inform the market if a definitive agreement is reached between the two companies.

2

CORPORATE GOVERNANCE

Introduction

The AFEP-MEDEF Corporate Governance Code of December 2008, including the October 2008 recommendations on executive pay, is the one to which BPCE referred in preparing this report, as set out in Article L. 225-68 of the French Commercial Code.

The only provisions not regarded as relevant in view of BPCE's operating procedures and the composition of its Board were as follows: terms of office and the staggered renewal of Board members and their ownership of a material number of shares.

As regards terms of office, BPCE's bylaws state that a Supervisory Board member's term of office shall be six years, ending at the end of the Shareholders' Meeting convened to approve the financial statements for the previous financial year and held during the year during which the member's term of office expires.

As regards a Supervisory Board member's ownership of a material number of shares, BPCE's bylaws take into account the fact that, in accordance with act No. 2008-776 of August 4, 2008, Supervisory Board members are no longer required to own shares in the company.

As a result, BPCE Supervisory Board members do not own a material number of shares and are not shareholders in their personal capacity, but the various categories of shareholders are represented through their appointment, which ensures that the company's interests are respected.

Moreover, in accordance with the agreement signed with the French government on October 24, 2008 and in connection with the French government's economic recovery program, BPCE formally adheres to and implements the AFEP-MEDEF recommendations on directors' remuneration.

2.1 Supervisory Board

2.1.1 Term of office

BPCE's Supervisory Board members took office on July 31, 2009, for a term of six years.

2.1.2 Principles

Pursuant to Article 21 of the bylaws, BPCE's Supervisory Board is made up of between 10 and 18 members. At July 31, 2009, it consisted of 7 representatives of category A shareholders, 7 representatives of category B shareholders and 4 representatives of category C shareholders, selected by the government, including 2 independent members within the meaning of the Corporate Governance Code for listed companies published by AFEP-MEDEF in December 2008.

The bylaws, in their current form, also specify that the following people may also attend Supervisory Board meetings, with no voting right:

- representatives of the company's work council, pursuant to Article L. 2323-62 of the French Labor Code;
- one employee representative from the Banque Populaire network, elected by a single panel per the terms set out in Article 25.3 of BPCE's bylaws;
- one employee representative from the Caisse d'Epargne network, elected by a single panel per the terms set out in Article 25.3 of BPCE's bylaws.

2.1.3 Members

At December 31, 2009

Function	Date of appointment	Term of office ends in	Business address
Chairman			
Philippe Dupont	07/31/2009	2015	BPCE 50, avenue Pierre Mendès – France – 75201 Paris Cedex 13
Vice-Chairman			
Yves Toublanc, Chairman of the Steering and Supervisory Board of Caisse d'Epargne Rhône Alpes	07/31/2009	2015	Caisse d'Epargne Rhône Alpes 42, boulevard Eugène Déruelle 69003 Lyon Part Dieu
Banque Populaire banks representatives			
Gérard Bellemon, Chairman of Banque Populaire Val de France	07/31/2009	2015	Banque Populaire Val de France 9, avenue Newton 78183 Saint-Quentin-en-Yvelines
Thierry Cahn, Chairman of Banque Populaire d'Alsace	07/31/2009	2015	Banque Populaire d'Alsace – Immeuble le Concorde 4, quai Kléber – BP 10401 67001 Strasbourg Cedex
Pierre Desvergnes, Chairman of CASDEN Banque Populaire	07/31/2009	2015	CASDEN Banque Populaire 91, cours des Roches – Noisiel 77424 Marne-la-Vallée Cedex 2
Stève Gentili, Chairman of BRED Banque Populaire	07/31/2009	2015	BRED Banque Populaire 18, quai de la Rapée – 75604 Paris Cedex 12
Jean Criton, Chief Executive Officer of Banque Populaire Rives de Paris	07/31/2009	2015	Banque Populaire Rives de Paris – Immeuble Sirius 76-78, avenue de France 75204 Paris Cedex 13
Bernard Jeannin, Chief Executive Officer of Banque Populaire Bourgogne Franche-Comté	07/31/2009	2015	Banque Populaire Bourgogne Franche-Comté 5, avenue de Bourgogne – BP 63 21802 Quétigny Cedex
Caisses d'Epargne representatives			
Catherine Amin-Garde, Chairman of the Steering and Supervisory Board of Caisse d'Epargne Loire Drôme Ardèche	07/31/2009	2015	Caisse d'Epargne Loire Drôme Ardèche Espace Fauriel – 17, rue P et D Pontchardier BP 147 42012 Saint-Étienne Cedex 02
Francis Henry, Chairman of the Steering and Supervisory Board of Caisse d'Epargne Lorraine Champagne-Ardenne	07/31/2009	2015	Caisse d'Epargne Lorraine Champagne-Ardenne 2, rue Royale – BP 784 57012 Metz Cedex 01
Pierre Mackiewicz, Chairman of the Steering and Supervisory Board of Caisse d'Epargne Côte d'Azur	07/31/2009	2015	Caisse d'Epargne Côte d'Azur 455, promenade des Anglais – BP 3297 06205 Nice Cedex 03
Bernard Comolet, Chairman of the Management Board of Caisse d'Epargne Île-de-France	07/31/2009	2015	Caisse d'Epargne Île-de-France 19, rue du Louvre – BP 94 75021 Paris Cedex 01
Didier Patault, Chairman of the Management Board of Caisse d'Epargne Bretagne-Pays de Loire	07/31/2009	2015	Caisse d'Epargne Bretagne-Pays de Loire 15, avenue de la Jeunesse – BP 127 44703 Orvault
Pierre Valentin, Chairman of the Steering and Supervisory Board of Caisse d' Epargne du Languedoc-Roussillon	07/31/2009	2015	Caisse d' Epargne Languedoc-Roussillon 254, rue Michel Teule BP 7330 – 34184 Montpellier Cedex 4
Representatives of the French government			
Olivier Bourges, Deputy Chief Operating Officer of Agence des Participations de l'État, member of the Ministry for the Economy, Industry and Employment	11/12/2009	2015	Ministère de l'Économie, de l'Industrie et de l' Emploi 139, rue Bercy – 75012 Paris
Ramon Fernandez, Head of the Treasury and Economic Policy at the Ministry for the Economy, Industry, and Employment	07/31/2009	2015	Ministère de l'Économie, de l'Industrie et de l'Emploi 139, rue Bercy – 75012 Paris
Independent members			
Laurence Danon, Chairman of the Management Board of Edmond de Rothschild Corporate Finance	07/31/2009	2015	La Compagnie Financière Edmond de Rothschild 47, rue faubourg saint Honoré – 75008 Paris
Marwan Lahoud, head of strategy and marketing and member of the Executive committee of EADS	07/31/2009	2015	EADS 37, boulevard Montmorency – 75016 Paris

2.1.4 Non-voting directors

The Supervisory Board includes seven non-voting members acting in an advisory capacity. In addition to Natixis, which is a non-voting director as of right and represented by its Chief Executive Officer Laurent Mignon, shareholders in the July 31, 2009 Shareholders' Meeting temporarily appointed six non-voting members until the end of the integration period, as follows:

- three non-voting members appointed from among the candidates proposed by category A shareholders, per Article 31.1, paragraph 9 of BPCE's bylaws;
- three non-voting members appointed from among the candidates proposed by category B shareholders, per Article 31.1, paragraph 10 of BPCE's bylaws.

2.1.5 Appointment method

During the company's life, and subject to co-opting, Supervisory Board members are appointed by shareholders in the Ordinary Shareholders' Meeting, as indicated in Article 21 of BPCE's bylaws, on a motion by category A or B shareholders, depending on the category in question.

As for Supervisory Board members appointed by category C shareholders, they are chosen from among the candidates appointed by the government. This right of appointment is specifically assigned to the government and cannot be transferred in any event.

Supervisory Board members hold office for a term of six years. A Supervisory Board member's duties come to an end after a meeting at which the ordinary shareholders have voted on the financial statements for the past accounting period, held during the year in which his or her term expires.

Board members may be re-elected subject to no limitations other than age-related limitations contained in the bylaws.

2.1.6 Directorships and offices held by members of BPCE's Supervisory Board in 2009

FOR THE BANQUE POPULAIRE NETWORK

Philippe DUPONT
Born 04/18/1951

Offices at 12/31/2009

Chairman of the Supervisory Board of BPCE
Chairman of the Board of Directors of Banques Populaires Participations (BP Participations, formerly BFBP)
Permanent representative of BP Participations, Chairman of: SAS Ponant 3
Chairman: Confédération Internationale des Banques Populaires
Chairman: Banque Populaire business foundation (Fondation d'Entreprise)
Legal manager: SCI du 48 rue de Paris

Former offices

Chairman of the Management Board of Natixis – *appointed: 11/17/2006 – term of office ended: 03/02/2009*

Offices held at December 31 of previous years

2008	2007	2006	2005
Chairman: Groupe Banque Populaire **Chairman and Chief Executive Officer** of Banque Fédérale des Banques Populaires **Chairman of the Management Board:** Natixis **Chairman:** Confédération Internationale des Banques Populaires **Chairman of the Board of Directors** of the Groupe Banque Populaire business foundation (Fondation d'Entreprise) **Legal manager:** SCI du 48 rue de Paris	**Chairman:** Groupe Banque Populaire **Chairman and Chief Executive Officer** of Banque Fédérale des Banques Populaires **Chairman of the Management Board:** Natixis **Vice-Chairman:** Confédération Internationale des Banques Populaires **Chairman of the Board of Directors** of the Groupe Banque Populaire business foundation (Fondation d'Entreprise) **Legal manager:** SCI du 48 rue de Paris	**Chairman:** Groupe Banque Populaire **Chairman and Chief Executive Officer:** Banque Fédérale des Banques Populaires **Chairman of the Management Board:** Natixis **Chairman of the Supervisory Board:** Ixis Corporate & Investment Bank **Vice-Chairman:** Confédération Internationale des Banques Populaires **Chairman of the Board of Directors** of the Groupe Banque Populaire business foundation (Fondation d'Entreprise) **Legal manager:** SCI du 48 rue de Paris	**Chairman:** Groupe Banque Populaire, Natexis Banques Populaires **Chairman and Chief Executive Officer:** Banque Fédérale des Banques Populaires **Vice-Chairman:** Confédération Internationale des Banques Populaires **Chairman of the Board of Directors** of Association des Banques Populaires pour la Création d'Entreprises and of the Groupe Banque Populaire business foundation (Fondation d'Entreprise)

Gérard BELLEMON

Born 10/01/1954

Offices at 12/31/2009

Member of the Supervisory Board of BPCE

Chairman of the Board of Directors of Banque Populaire Val de France

Chairman of the Board of Directors: Natixis Assurances, Natixis Lease

Director: Banques Populaires Participations (BP Participations, formerly BFBP), Société Marseillaise de Crédit (SMC)

Permanent Representative of Banque Populaire Val de France on the Supervisory Board: Assurances Banque Populaire – Iard

Former offices

Chairman of the Board of Directors: Natixis LLD – *appointed: 12/31/2003 – term of office ended: 06/26/2009*

Offices held at December 31 of previous years

2008	2007	2006	2005
Chairman of the Board of Directors of Banque Populaire Val de France **Chairman of the Board of Directors:** Natixis Lease, Natixis Assurances, Natixis LLD **Director:** Société Marseillaise de Crédit (SMC), Groupe Banque Populaire business foundation (Fondation d'Entreprise) **Permanent Representative of Banque Populaire Val de France on the Supervisory Board:** Assurances Banque Populaire – Iard	**Chairman of the Board of Directors** of Banque Populaire Val de France **Chairman of the Board of Directors:** Natixis Lease, Natixis LLD **Director:** Groupe Banque Populaire business foundation (Fondation d'Entreprise) **Permanent Representative of Banque Populaire Val de France on the Supervisory Board:** Assurances Banque Populaire – Iard	**Deputy Vice-Chairman of the Board of Directors** of Banque Populaire Val de France **Chairman of the Board of Directors:** Natixis Lease **Member of the Supervisory Board:** Novacrédit, Assurances Banque Populaire – Iard **Director:** Banque Populaire Développement, Banque Populaire Images 4, Banque Privée Saint-Dominique, Fructi-Court, Fructilux, i-BP, Natexis Asset Management Immobilier, Natexis Banques Populaires Images, Natexis Banques Populaires Images 3, Natixis Assurances, Natixis Factor, Natixis Interépargne, Natixis Intertitres, Natixis Paiements, Natixis Pramex International	**Deputy Vice-Chairman of the Board of Directors** of Banque Populaire Val de France **Chairman of the Board of Directors:** Natexis LLD **Representative of Banque Populaire Val de France on the Supervisory Board:** Novacrédit **Representative of Banque Populaire Val de France on the Board of Directors:** Fructi-Maaf **Member of the Supervisory Board:** Assurances Banque Populaire – Iard

Thierry CAHN

Born 09/25/1956

Offices at 12/31/2009

Member of the Supervisory Board of BPCE

Chairman of the Board of Directors of Banque Populaire d'Alsace

Member of the Supervisory Board: FONCIA Groupe

Director: Banques Populaires Participations (BP Participations, formerly BFBP)

Former offices

-

Offices held at December 31 of previous years

2008	2007	2006	2005
Chairman of the Board of Directors of Banque Populaire d'Alsace **Director:** Banque Fédérale des Banques Populaires **Member of the Supervisory Board:** FONCIA Groupe	**Chairman of the Board of Directors** of Banque Populaire d'Alsace	**Chairman of the Board of Directors** of Banque Populaire d'Alsace	**Chairman of the Board of Directors** of Banque Populaire d'Alsace

Pierre DESVERGNES
Born 11/23/1950

Offices at 12/31/2009

Member of the Supervisory Board of BPCE
Chairman and Chief Executive Officer of CASDEN Banque Populaire
Chairman of the Board of Directors: Maine Gestion, Parnasse Finance
Vice-Chairman of the Board of Directors: Banques Populaires Participations (BP Participations, formerly BFBP)
Chairman: SAS Parnasse Espace 1, SAS Parnasse Espace 2
Director: Natixis Assurances
Director: Banque Monétaire Financière, Parnasse MAIF SA,
Representative of Banques Populaires Participations on the Supervisory Board: FONCIA Groupe
Representative of CASDEN Banque Populaire on the Board of Directors (Vice-Chairman): VALORG

Former offices

-

Offices held at December 31 of previous years

2008	2007	2006	2005
Chairman and Chief Executive Officer of CASDEN Banque Populaire **Chairman of the Board of Directors:** Maine Gestion, Parnasse Finance **Director:** Banque Fédérale des Banques Populaires, Banque Monétaire Financière, Parnasse MAIF SA **Permanent representative of CASDEN Banque Populaire on the Board of Directors** of Parnasse Services SA **Permanent representative of BFBP on the Supervisory Board** of FONCIA Groupe **Permanent representative of CASDEN Banque Populaire on the Supervisory Board** of Parnasse Immo (Scpi) **Permanent representative of Parnasse Finance on the Board of Directors** of Parnassienne de Crédit SA **Legal manager:** SARL Inter-Promo, SARL Cours des Roches	**Chairman** of CASDEN Banque Populaire **Director:** Natixis Asset Management, Parnasse Finance, Parnasse Maif **Director representing CASDEN Banque Populaire on the Board of Directors** of Natexis Altaïr **Director representing Parnasse Finance on the Board of Directors** of Parnassienne de Crédit **Member of the Supervisory Board:** FONCIA Groupe representing BFBP **Chairman:** Maine Gestion **Member representing CASDEN Banque Populaire on the Supervisory Board** of Parnasse Immo	**Chairman** of CASDEN Banque Populaire **Chairman:** Line Bourse, Maine Gestion **Director:** Banque Fédérale des Banques Populaires, Natexis Asset Management, Parnasse Finance, Parnasse Maif **Director representing Parnasse Finance on the Board of Directors** of Parnassienne de Crédit **Director representing CASDEN Banque Populaire on the Board of Directors** of Natexis Altaïr **Member representing CASDEN Banque Populaire on the Supervisory Board** of Parnasse Immo	**Chairman** of CASDEN Banque Populaire **Chairman:** Line Bourse, Maine Gestion, Fructi Actions Rendement **Director:** Banque Fédérale des Banques Populaires **Director:** Natexis Asset Management, Parnasse Finance, Parnasse Maif **Director representing CASDEN Banque Populaire on the Board of Directors** of Natexis Altaïr **Director representing BFBP on the Board of Directors** of Natexis Banques Populaires **Director representing Parnasse Finance on the Board of Directors** of Parnassienne de Crédit **Member representing CASDEN Banque Populaire on the Supervisory Board** of Parnasse Immo **Vice-Chairman representing CASDEN Banque Populaire on the Board of Directors** of Valorg

Stève GENTILI
Born 06/05/1949

Offices at 12/31/2009

Member of the Supervisory Board of BPCE

Chairman of the Board of Directors of BRED Banque Populaire

Chairman of the Board of Directors: Natixis Pramex International
Director: Coface, Natixis, Natixis Algérie, Natixis Pramex International Milan, Société Marseillaise de Crédit (SMC)

Representative of BRED Banque Populaire on the Board of Directors: BICEC, BCI-Banque Commerciale Internationale

Former offices

Vice-Chairman of the Board of Directors: Banques Populaires Participations (BP Participations, formerly BFBP) – *appointed: 10/20/1999 – term of office ended: 05/14/2009*
Member of the Supervisory Board: Natixis – *appointed: 11/17/2006 – term of office ended: 04/30/2009*

Offices held at December 31 of previous years

2008	2007	2006	2005
Chairman of the Board of Directors of BRED Banque Populaire **Chairman of the Board of Directors:** BRED Gestion, Natixis Pramex International, Compagnie Financière de la BRED (Cofibred), Spig **Chairman of the Supervisory Board:** Banque Internationale de Commerce – BRED **Director:** Banque Fédérale des Banques Populaires (Vice-Chairman), Bercy Gestion Finances+, BRED Cofi lease, Coface, Natixis Algérie, Natixis Pramex Italia Srl, Prepar Iard (public limited company), Promepar Gestion (public limited company), Société Marseillaise de Crédit **Member of the Supervisory Board:** Natixis, Prépar-Vie **Permanent representative of BRED Banque Populaire on the Board of Directors:** BICEC, BCI-Banque Commerciale Internationale, Njr Invest	**Chairman of the Board of Directors** of BRED Banque Populaire **Chairman:** Agence Banque Populaire pour la Coopération et le Développement, BRED Gestion, Bureau international – Forum francophone des affaires **Member of the Supervisory Board:** Natixis **Chairman of the Board of Directors** of Natixis Pramex International **Director:** Coface, Natexis Algérie, Pramex International Milan, Compagnie Financière de la BRED (Cofibred), LFI, BGF+, BRED Cofilease **Director representing BRED Banque Populaire:** BICEC, BCI **Vice-Chairman of the Supervisory Board:** Banque Internationale de Commerce-BRED (BIC-BRED) **Member of the Supervisory Board:** Prépar-Vie	**Chairman of the Board of Directors** of BRED Banque Populaire **Chairman:** Association Banque Populaire pour la Coopération et le Développement, BRED Gestion, Bureau international – Forum francophone des affaires **Member of the Supervisory Board:** Natixis **Chairman of the Supervisory Board:** Banque Populaire Asset Management **Chairman of the Board of Directors** of Natexis Pramex International **Director:** Banque Fédérale des Banques Populaires, Coface, Natexis Algérie, Natexis Pramex Italia Srl, Compagnie Financière de la BRED (Cofibred), LFI, BGF+, BRED Cofilease **Director representing BRED Banque Populaire:** BICEC **Vice-Chairman of the Supervisory Board:** Banque Internationale de Commerce-BRED (BIC-BRED)	**Chairman of the Board of Directors** of BRED Banque Populaire **Chairman:** Association Banque Populaire pour la Coopération et le Développement, BRED Gestion, MEDEF 94 à Créteil **Chairman of the Supervisory Board:** Banque Populaire Asset Management **Chairman of the Board of Directors** of Natexis Pramex International **Director:** Banque Fédérale des Banques Populaires, Coface, Compagnie financière de la BRED, LFI, BRED Cofilease, Natexis Banques Populaires **Director representing BRED Banque Populaire:** BICEC **Vice-Chairman of the Supervisory Board:** Banque Internationale de Commerce-BRED (BIC-BRED)

Jean CRITON
Born 06/02/1947

Offices at 12/31/2009

Member of the Supervisory Board of BPCE

Chief Executive Officer of Banque Populaire Rives de Paris

Chairman of the Board of Directors: Turbo SA

Permanent Representative of Banque Populaire Rives de Paris to the Board of Directors: d'i-BP, Association des Banques Populaires pour la Création d'Entreprise

Director: Coface, Natixis, Natixis Assurances, Natixis Private Banking, Natixis Private Equity, Société Marseillaise de Crédit (SMC), Banque Privée 1818, Fondation d'Entreprise Banque Populaire

Former offices

-

Offices held at December 31 of previous years

2008	2007	2006	2005
Chief Executive Officer of Banque Populaire Rives de Paris **Chairman, Chief Executive Officer and director:** Sud Participation SA **Chairman of the Board of Directors:** Turbo SA **Director:** Coface, Natexis Assurances, Natexis Private Banking, Natexis Private Equity, Société Marseillaise de Crédit (SMC), Fondation d'Entreprise Groupe Banque Populaire **Permanent Representative of Banque Populaire Rives de Paris to the Board of Directors (Vice-Chairman):** i-BP **Chairman:** SAS Sociétariat Banque Populaire Rives de Paris	**Chief Executive Officer** of Banque Populaire Rives de Paris **Chairman, Chief Executive Officer and director:** Sud Participation SA **Director:** Coface, Natexis Assurances, Natexis Private Banking, Groupe Banque Populaire business foundation (Fondation d'Entreprise) **Permanent Representative of Banque Populaire Rives de Paris to the Board of Directors (Chairman):** i-BP **Chairman:** SAS Sociétariat Banque Populaire Rives de Paris	**Chief Executive Officer** of Banque Populaire Rives de Paris **Chairman, Chief Executive Officer and director:** Sud Participation SA **Chairman of the Board of Directors:** Turbo SA **Director:** Natexis Private Equity, Coface, Natexis Assurances, Natexis Private Banking **Permanent Representative of Banque Populaire Rives de Paris to the Board of Directors:** i-BP **Chairman:** SAS Sociétariat Banque Populaire Rives de Paris	**Chief Executive Officer** of Banque Populaire Rives de Paris **Chairman, Chief Executive Officer and director:** Sud Participation SA **Chairman of the Board of Directors:** Turbo SA **Director:** Natexis Private Equity, Coface, Natexis Assurances **Permanent Representative of Banque Populaire Rives de Paris to the Board of Directors:** i-BP

Bernard JEANNIN
Born 04/19/1949

Offices at 12/31/2009

Member of the Supervisory Board of BPCE

Chief Executive Officer of Banque Populaire Bourgogne Franche-Comté

Director: Natixis, Natixis Assurances, Natixis Paiements, Natixis Lease (Vice-Chairman), Banque de Savoie, Banques Populaires Participations – BP Participations, formerly BFBP (Vice-Chairman)

Permanent representative of Banque Populaire Bourgogne Franche-Comté on the Board of Directors of i-BP, Association des Banques Populaires pour la Création d'Entreprise

Former offices

Member of the Supervisory Board: Natixis – *appointed: 05/30/2007 – term of office ended: 04/30/2009*

Offices held at December 31 of previous years

2008	2007	2006	2005
Chief Executive Officer of Banque Populaire Bourgogne Franche-Comté **Director:** Banque Fédérale des Banques Populaires (Secretary), Natixis Assurances, Natixis Lease, Natixis Paiements, Banque de Savoie **Member of the Supervisory Board:** Natixis **Permanent representative** of Banque Populaire Bourgogne Franche-Comté on the Board of Directors of i-BP	**Chief Executive Officer** of Banque Populaire Bourgogne Franche-Comté **Member of the Supervisory Board:** Natixis **Director:** Natixis Assurances, Natixis Paiements, Natixis Lease, C.A.R, IPMPE, Institution de Prévoyance du Groupe Banque Populaire **Director representing:** Banque Populaire Bourgogne Franche-Comté on the Board of Directors of i-BP	**Chief Executive Officer** of Banque Populaire Bourgogne Franche-Comté **Member of the Supervisory Board:** Natixis **Director:** Banque Fédérale des Banques Populaires, Natexis Assurances, Natexis Paiements, Natexis Lease, C.A.R, IPMPE, Institution de Prévoyance du Groupe Banque Populaire **Director representing:** Banque Populaire Bourgogne Franche-Comté on the Board of Directors of i-BP	**Chief Executive Officer** of Banque Populaire Bourgogne Franche-Comté **Director:** Banque Fédérale des Banques Populaires, Natexis Assurances, Natexis Paiements, Natexis Private Equity, Natexis Lease, C.A.R, IPMPE, Institution de Prévoyance du Groupe Banque Populaire **Director representing:** Banque Populaire Bourgogne Franche-Comté on the Board of Directors of i-BP

FOR THE CAISSE D'EPARGNE NETWORK

Yves TOUBLANC
Born 08/10/1946

Offices held at December 31, 2009

Vice-Chairman of the Supervisory Board of BPCE
Chairman of the Steering and Supervisory Board Caisse d'Epargne et de Prévoyance de Rhône Alpes
Chairman of the Board of Directors: Caisses d'Epargne Participations, Chatel Participations, SLE de Savoie
Legal manager: Chatel Industrie, Cartograim Conseil
Director: SATIL REM, Procoat

Former offices

Chairman of the Supervisory Board of Caisse Nationale des Caisses d'Epargne – CNCE (until July 31, 2009)
Director: SLE Sillon Alpin (permanent representative of Chatel Participations – Chairman until 02/01/2009)

Offices held at December 31 of previous years

2008	2007	2006	2005
Chairman of the Steering and Supervisory Board: CEP Rhône Alpes	**Chairman of the Steering and Supervisory Board:** CEP Rhône Alpes	**Chairman of the Steering and Supervisory Board:** CEP Rhône Alpes	**Chairman of the Steering and Supervisory Board:** CEP Rhône Alpes
Chairman of the Board of Directors: SLE Sillon Alpin (permanent representative of Chatel Participations), Chatel Participations	**Chairman of the Board of Directors:** SLE Sillon Alpin (permanent representative of Chatel Participations), Chatel Participations	**Chairman of the Board of Directors:** SLE Sillon Alpin (permanent representative of Chatel Participations), Chatel Participations	**Chairman of the Board of Directors:** SLE Sillon Alpin (permanent representative of Chatel Participations), Chatel Participations
Member of the Supervisory Board (and member of the Audit committee): Caisse Nationale des Caisses d'Epargne (CNCE)	**Member of the Supervisory Board (and member of the Audit committee):** Caisse Nationale des Caisses d'Epargne (CNCE)	**Member of the Supervisory Board:** Caisse Nationale des Caisses d'Epargne (CNCE), Ecureuil Vie	**Member of the Supervisory Board:** Caisse Nationale des Caisses d'Epargne (CNCE), Ecureuil Vie
Director: SATIL REM, Procoat	**Director:** SATIL REM, Procoat	**Director:** SATIL REM, Procoat, GVC Entreprises	**Director:** SATIL REM, Procoat, GVC Entreprises, Lazareth
Legal manager: Chatel Industrie, Cartograim Conseil	**Legal manager:** Chatel Industrie, Cartograim Conseil	**Legal manager:** Chatel Industrie, Cartograim Conseil	**Legal manager:** Chatel Industrie, Cartograim Conseil

Catherine AMIN-GARDE
Born 03/08/1955

Offices held at December 31, 2009

Member of the Supervisory Board of BPCE
Chairman of the Steering and Supervisory Board of Caisse d'Epargne Loire Drôme Ardèche
Chairman of the Board of Directors of SLE Drôme Provençale Centre (local savings company)
Chairman of the Management committee of Fondation Loire Drôme Ardèche
Director: Association Savoirs pour réussir Drôme, FNCE

Former offices

Member of the Supervisory Board (and member of the Strategy committee): Caisse Nationale des Caisses d'Epargne (from 11/16/2006 to 07/31/2009)

Offices held at December 31 of previous years

2008	2007	2006	2005
Chairman of the Steering and Supervisory Board: CEP Loire Drôme Ardèche	**Chairman of the Steering and Supervisory Board:** CEP Loire Drôme Ardèche	**Chairman of the Steering and Supervisory Board:** CEP Loire Drôme Ardèche	**Chairman of the Steering and Supervisory Board:** CEP Loire Drôme Ardèche
Chairman of the Board of Directors: SLE Drôme Provençale Centre	**Chairman of the Board of Directors:** SLE Drôme Provençale Centre	**Chairman of the Board of Directors:** SLE Drôme Provençale Centre	**Chairman of the Board of Directors:** SLE Drôme Provençale Centre
Chairman of Fondation Loire Drôme Ardèche	**Chairman of Fondation Loire Drôme Ardèche**	**Chairman of Fondation Loire Drôme Ardèche**	**Chairman of Association Savoirs pour réussir Drôme**
Member of the Supervisory Board (and member of the Strategy committee): Caisse Nationale des Caisses d'Epargne	**Member of the Supervisory Board (and member of the Strategy committee):** Caisse Nationale des Caisses d'Epargne	**Member of the Supervisory Board (and member of the Strategy committee):** Caisse Nationale des Caisses d'Epargne	**Director:** Association Savoirs pour réussir Drôme
Director: Association Savoirs pour réussir Drôme	**Director:** Association Savoirs pour réussir Drôme	**Director:** Association Savoirs pour réussir Drôme	

Francis HENRY
Born 08/07/1946

Offices held at December 31, 2009

Member of the Supervisory Board of BPCE
Chairman of the Steering and Supervisory Board of Caisse d'Epargne et de Prévoyance Lorraine Champagne-Ardenne
Chairman of the Board of Directors of SLE Marne (local savings company)
Director: Caisses d'Epargne Participations, Crédit Foncier de France
Member of Fédération Nationale des Caisses d'Epargne

Former offices

Member of the Supervisory Board: Caisse Nationale des Caisses d'Epargne (from 05/28/2009 to 07/31/2009)

Offices held at December 31 of previous years

2008	2007	2006	2005
Chairman of the Steering and Supervisory Board: CEP Lorraine Champagne Ardenne	**Chairman of the Steering and Supervisory Board:** CEP Lorraine Champagne Ardenne	**Chairman of the Steering and Supervisory Board:** CEP Champagne Ardenne	**Chairman of the Steering and Supervisory Board:** CEP Champagne Ardenne
Chairman of the Board of Directors: SLE Marne Nord	**Chairman of the Board of Directors:** SLE Marne Nord	**Chairman of the Board of Directors:** SLE Marne Nord	**Chairman of the Board of Directors:** SLE Marne Nord
Director: Crédit Foncier de France	**Director:** Crédit Foncier de France	**Member of the Supervisory Board:** Crédit Foncier de France, Natixis	
Member of the Supervisory Board: Natixis (term of office ended July 2009)	**Member of the Supervisory Board:** Natixis		
Member of FNCE			

Pierre MACKIEWICZ
Born 06/26/1949

Offices held at December 31, 2009

Member of the Supervisory Board of BPCE
Chairman of the Steering and Supervisory Board of Caisse d'Epargne Côte d'Azur
Chairman of the Board of Directors of SLE Est Alpes Maritimes (local savings company)
Director: Caisses d'Epargne Participations, Natixis Epargne Financière, Natixis Epargne Financière Gestion, FNCE

Former offices

Member of the Supervisory Board: Caisse Nationale des Caisses d'Epargne (from 05/28/2009 to 07/31/2009)

Offices held at December 31 of previous years

2008	2007	2006	2005
Chairman of the Steering and Supervisory Board: CEP Côte d'Azur **Chairman of the Board of Directors:** SLE Est Alpes Maritimes	**Chairman of the Steering and Supervisory Board:** CEP Côte d'Azur **Chairman of the Board of Directors:** SLE Est Alpes Maritimes	**Chairman of the Steering and Supervisory Board:** CEP Côte d'Azur **Chairman of the Board of Directors:** SLE Est Alpes Maritimes	**Chairman of the Steering and Supervisory Board:** CEP Côte d'Azur **Chairman of the Board of Directors:** SLE Est Alpes Maritimes

Pierre VALENTIN
Born 02/06/1953

Offices held at December 31, 2009

Member of the Supervisory Board of BPCE
Chairman of the Steering and Supervisory Board of Caisse d'Epargne et de Prévoyance Languedoc Roussillon
Chairman of the Board of Directors of SLE Vallée des Gardons (local savings company)
Vice-Chairman of the Supervisory Board of Banque Palatine
Director: Caisses d'Epargne Participations, Clinique Bonnefon, Pierre et Lise Immobilier, FNCE
Legal manager: SCI Les Trois Cyprès, SCI Les Amandiers, SCI Le Victor Hugo

Former offices

Member of the Supervisory Board: Caisse Nationale des Caisses d'Epargne (from 05/28/2009 to 07/31/2009)

Offices held at December 31 of previous years

2008	2007	2006	2005
Chairman of the Steering and Supervisory Board: CEP Languedoc Roussillon **Chairman of the Board of Directors:** SLE Vallée des Gardons **Vice-Chairman of the Supervisory Board:** Banque Palatine **Director:** Clinique Bonnefon, Pierre et Lise Immobilier, FNCE **Legal manager:** SCI Les Trois Cyprès, SCI Les Amandiers, SCI Le Victor Hugo	**Chairman of the Steering and Supervisory Board:** CEP Languedoc Roussillon **Chairman of the Board of Directors:** SLE Vallée des Gardons **Director:** Société Alésienne de Gestion d'Immeubles (SAGI), Clinique Bonnefon, Pierre et Lise Immobilier, FNCE **Legal manager:** SCI Les Trois Cyprès, SCI Les Amandiers, SCI Le Victor Hugo	**Chairman of the Steering and Supervisory Board:** CEP Languedoc Roussillon **Chairman of the Board of Directors:** SLE Vallée des Gardons **Chairman and Chief Executive Officer:** Société Alésienne de Gestion d'Immeubles (SAGI) **Director:** FNCE **Legal manager:** SCI Les Trois Cyprès, SCI Les Amandiers, SCI Le Victor Hugo	**Chief Executive Officer:** Société Alésienne de Gestion d'Immeubles (SAGI) **Chairman of the Board of Directors:** SLE Vallée des Gardons **Legal manager:** SCI Les Trois Cygnes, SCI Les Amandiers, SCI Le Victor Hugo

Bernard COMOLET
Born 03/09/1947

Offices held at December 31, 2009

Member of the Supervisory Board of BPCE

Chairman of the Management Board of Caisse d'Epargne et de Prévoyance Île-de-France

Chairman of the Supervisory Board: Banque BCP

Vice-Chairman of the Board of Directors: Nexity

Member of the Supervisory Board: Banque BCP Luxembourg, GCE Business Services (legal representative of CEP IDF), GCE Technologies (legal representative of CEP IDF), EFIDIS (legal representative of CEP IDF)

Director: Caisses d'Epargne Participations, Financière Océor, Immobilière 3F (legal representative of CEP IDF)

Former offices

Chairman of the Supervisory Board: Natixis (03/06/2009)

Director: CNP Assurances (03/23/2009), Sopassure (03/04/2009)

Offices held at December 31 of previous years

2008

Chairman of the Management Board: Caisse Nationale des Caisses d'Epargne (until 03/01/2009), CEP Île-de-France

Chairman of the Supervisory Board: Banque BCP

Chairman: Fondation des Caisses d'Epargne pour la Solidarité

Vice-Chairman of the Board of Directors: Nexity, Groupement Européen des Caisses d'Epargne

Vice-Chairman of the Supervisory Board: Financière Océor (until 07/14/2009), Caisse Nationale des Caisses d'Epargne (until 07/31/2009)

Member of the Supervisory Board: Banque BCP Luxembourg, GCE Business Services (legal representative of CEP IDF), GCE Technologies (legal representative of CEP IDF), EFIDIS (legal representative of CEP IDF)

Director: Immobilière 3F (legal representative of CEP IDF)

Member of the Executive committee: Fédération Bancaire Française

2007

Chairman of the Management Board of Caisse d'Epargne et de Prévoyance: CEP Île-de-France Paris, CEP Île-de-France Ouest

Chairman of the Supervisory Board: Banque BCP

Vice-Chairman of the Supervisory Board: Caisse Nationale des Caisses d'Epargne (CNCE), Natixis

Member of the Supervisory Board: Banque BCP Luxembourg, GCE Business Services (legal representative of CEP IDF), GCE Technologies (legal representative of CEP IDF), EFIDIS (legal representative of CEP IDF)

Director: Immobilière 3F (legal representative of CEP IDF)

Non-voting director: CNP Assurances

2006

Chairman of the Management Board of Caisse d'Epargne et de Prévoyance: CEP Île-de-France Paris

Chairman of the Supervisory Board: Banque BCP

Chairman and Chief Executive Officer: SICAV Ecureuil Dynamique +

Vice-Chairman of the Supervisory Board: Caisse Nationale des Caisses d'Epargne (CNCE), Natixis

Member of the Supervisory Board: Ixis CIB, EFIDIS (legal representative of CEP IDF)

Director: Immobilière 3F (legal representative of CEP IDF), Eulia Caution (legal representative of CEP IDF), ODACIA (legal representative of CEP IDF), SACCEF (legal representative of CEP IDF), SOCAMAB Assurances (legal representative of CEP IDF)

Non-voting director: CNP Assurances

2005

Chairman of the Management Board of Caisse d'Epargne et de Prévoyance: CEP Île-de-France Paris

Chairman and Chief Executive Officer: SICAV Ecureuil Dynamique +

Vice-Chairman of the Supervisory Board: Caisse Nationale des Caisses d'Epargne (CNCE)

Member of the Supervisory Board: Ixis CIB

Director: Immobilière 3F (legal representative of CEP IDF), Eulia Caution (legal representative of CEP IDF), ODACIA (legal representative of CEP IDF), SACCEF (legal representative of CEP IDF), SOCAMAB Assurances (legal representative of CEP IDF)

Didier PATAULT
Born 02/22/1961

Offices held at December 31, 2009

Member of the Supervisory Board of BPCE

Chairman of the Management Board of Caisse d'Epargne et de Prévoyance Bretagne Pays de Loire

Chairman and Chief Executive Officer, SODERO

Chairman of the Supervisory Board: SODERO Gestion, BATIROC Bretagne – Pays de Loire, Grand Ouest Gestion (permanent representative of Sodero Participations)

Chairman of the Board of Directors: SODERO Participations, Mancelle Habitation, SA des Marchés de l'Ouest (SAMO)

Vice-Chairman of the Board of Directors, Natixis

Member of the Supervisory Board: GCE Capital, GCE Technologies, GCE Business Services (permanent representative of CEP BPL), Caisse Nationale des Caisses d'Epargne (from 05/28/2009 to 07/31/2009)

Director: Caisses d'Epargne Participations, Natixis Global Asset Management, Compagnie de Financement Foncier SCF, Pays de la Loire Développement (permanent representative of CEP BPL), SEMITAN (permanent representative of CEP BPL), NAPF (permanent representative of CEP BPL)

Former offices

-

Offices held at December 31 of previous years

2008

Chairman of the Management Board, Caisse d'Epargne et de Prévoyance de Bretagne – Pays de Loire (since 04/11/2008)

Chairman and Chief Executive Officer: SODERO

Chairman of the Supervisory Board: SODERO Gestion, BATIROC Bretagne – Pays de Loire, Grand Ouest Gestion (permanent representative of SODERO Participations)

Chairman of the Board of Directors: SODERO Participations, Mancelle Habitation, SA des Marchés de l'Ouest

Vice-Chairman of the Supervisory Board: Natixis

Member of the Supervisory Board: GCE Capital, GCE Business Services (permanent representative CEP BPL), GIRCE Ingénierie (permanent representative of CEP BPL) until 07/01/2008)

Director: Pays de la Loire Développement (permanent representative of CEP BPL), SEMITAN (permanent representative of CEP BPL), NAPF (permanent representative of CEP BPL), Compagnie de Financement Foncier SCF, Oterom Holding (until 12/11/2008), Meilleurtaux (until 12/11/2008), GIRCE Stratégie (permanent representative of CEP BPL) until 07/01/2008

2007

Chairman of the Management Board, Caisse d'Epargne et de Prévoyance du Pays de la Loire

Chairman and Chief Executive Officer: SODERO

Chief Executive Officer: Caisse d'Epargne et de Prévoyance de Bretagne

Chairman of the Supervisory Board: SODERO Gestion, BATIROC Bretagne – Pays de Loire, Grand Ouest Gestion (permanent representative of SODERO Participations)

Chairman of the Board of Directors: SODERO Participations, Mancelle Habitation, SA des Marchés de l'Ouest

Member of the Supervisory Board: Natixis, GCE Capital, GCE Business Services (permanent representative of CEP PDL), GIRCE Ingénierie (permanent representative of CEP PDL), Ecureuil Vie (until 02/19/2007), Ixis CIB (until 05/24/2007)

Director: Meilleurtaux, Oterom Holding, Université Groupe Caisse d'Epargne (until 06/16/2008), Pays de la Loire Développement (permanent representative of CEP PDL), SEMITAN (permanent representative of CEP PDL), NAPF (permanent representative of CEP PDL), GIRCE Stratégie (permanent representative of CEP PDL)

Member of the Audit committee: Compagnie de Financement Foncier SCF

2006

Chairman of the Management Board, Caisse d'Epargne et de Prévoyance du Pays de la Loire

Chairman and Chief Executive Officer: SODERO

Chairman of the Supervisory Board: SODERO Gestion, BATIROC Bretagne – Pays de Loire, Grand Ouest Gestion (permanent representative of SODERO Participations)

Chairman of the Board of Directors: SODERO Participations, Mancelle Habitation, SA des Marchés de l'Ouest

Member of the Supervisory Board: Natixis, GCE Capital, Ecureuil Vie, Ixis CIB, GIRCE Ingénierie (permanent representative of CEP PDL)

Director: Université Groupe Caisse d'Epargne, Pays de la Loire Développement (permanent representative of CEP PDL), SEMITAN (permanent representative of CEP PDL), NAPF (permanent representative of CEP PDL), GIRCE Stratégie (permanent representative of CEP PDL)

2005

Chairman of the Management Board, Caisse d'Epargne et de Prévoyance du Pays de la Loire

Chairman and Chief Executive Officer: SODERO

Chairman of the Supervisory Board: SODERO Gestion, BATIROC Bretagne – Pays de Loire, Grand Ouest Gestion (permanent representative of SODERO Participations)

Chairman of the Board of Directors: SODERO Participations, Mancelle Habitation, SA des Marchés de l'Ouest

Member of the Supervisory Board: Ecureuil Vie, Ixis CIB

Director: Université Groupe Caisse d'Epargne, Pays de la Loire Développement (permanent representative of CEP PDL), SEMITAN (permanent representative of CEP PDL)

REPRESENTATIVES OF THE FRENCH GOVERNMENT

Olivier BOURGES
Born 12/24/1966

Offices held at December 31, 2009

Member of the Supervisory Board of BPCE – government representative (since 11/12/2009)
Deputy Chief Operating Officer of Agence des Participations de l'État (since September 2009)
Director (government representative): GDF Suez SA, Thales SA

Former offices

-

Offices held at December 31 of previous years

2008	2007	2006	2005
SVP, Head of Group Management Control: Renault	**VP Corporate Planning and Program Management Office:** Nissan	**VP Corporate Planning and Program Management Office:** Nissan	**Head of Vehicle Profitability:** Renault

Ramon FERNANDEZ
Born 06/25/1967

Offices held at December 31, 2009

Member of the Supervisory Board of BPCE – government representative
Director-General of the Treasury and Economic Policy at the French Ministry of the Economy, Industry, and Employment
Member of the Board of Directors: CNP Assurances (government representative), GDF Suez SA (government representative), Caisse d'Amortissement de la Dette Sociale (CADES)
Chairman of the Club de Paris

Former offices

-

Offices held at December 31 of previous years

2008	2007	2006	2005
Head of the Cabinet of the Minister for Work, Social Relations, the Family and Solidarity **Vice-Chairman of the** Club de Paris	**Economic advisor to the French President, Vice-Chairman of the** Club de Paris	**Deputy head of international financial affairs and development** **Vice-Chairman of the** Club de Paris	**Deputy head of international financial affairs and development** **Vice-Chairman of the** Club de Paris

INDEPENDENT MEMBERS

Laurence DANON
Born 01/06/1956

Offices held at December 31, 2009

Member of the Supervisory Board of BPCE – independent member
Chairman of the Management Board, Edmond de Rothschild Corporate Finance
Director: Plastic Omnium, Rhodia, Diageo, Experian PLC

Former offices

-

Offices held at December 31 of previous years

2008	2007	2006	2005
Member of the Management Board: Edmond de Rothschild Corporate Finance **Director:** Plastic Omnium, Rhodia, Diageo, Experian PLC	**Member of the Management Board:** Edmond de Rothschild Corporate Finance **Director:** Plastic Omnium, Diageo, Experian PLC	**Chairman and Chief Executive Officer:** Le Printemps **Director:** Plastic Omnium, Diageo	**Chairman and Chief Executive Officer:** Le Printemps **Director:** Plastic Omnium, Diageo

Marwan LAHOUD
Born 03/06/1966

Offices held at December 31, 2009

Member of the Supervisory Board of BPCE – independent member
Member of the Executive committee of EADS – Director of Strategy and Marketing
Director, Technip

Former offices

-

Offices held at December 31 of previous years

2008	2007	2006	2005
Member of the Executive committee: EADS – Director of Strategy and Marketing **Member of the Supervisory Board:** Institut Aspen France	**Member of the Executive committee:** EADS – Director of Strategy and Marketing **Member of the Supervisory Board:** Institut Aspen France	**Chief Executive Officer:** MBDA Missile Systems	**Chief Executive Officer:** MBDA Missile Systems

2.1.7 Biographies

Philippe Dupont, Chairman

58 years old, firstly Chairman and Chief Executive Officer and then, Chairman of Banque Fédérale des Banques Populaires, central body of the Groupe Banque Populaire, from 1999 to 2009 and Chairman of the Management Board of Natixis from 2006 to 2009. Mr Dupont holds a first degree and a masters in management from Paris-Dauphine university. He was director of a commodities wholesaler for 12 years and then Chairman of the Board of Directors of BP ROP Banque Populaire (now Banque Populaire Val de France). He has been Chairman of Banques Populaires Participations since July 31, 2009.

Yves Toublanc, Vice-Chairman

63 years old, business school graduate and Chairman of the Steering and Supervisory Board of Caisse d'Epargne Rhône Alpes. Mr Toublanc worked for many years in financial control and financial management for Saint-Gobain and is a member of Savoie Chamber of Commerce and Industry, whose Finance Commission he previously chaired.

Banque Populaire banks representatives

Gérard Bellemon, Chairman of Banque Populaire Val de France

55 years old, graduate of *École de Commerce* IDRAC, Chairman of the Board of Directors of Banque Populaire Val de France. Mr Bellemon is also Chairman of two public limited companies, a director of Société Marseillaise de Crédit and Chairman of the Board of Directors of Natixis Assurances.

Thierry Cahn, Chairman of Banque Populaire d'Alsace

53 years old, Chairman of the Board of Directors of Banque Populaire d'Alsace since 2003. Mr Cahn is a legal practitioner, working at the Colmar appeals court. He has also been a member of FONCIA's Supervisory Board since 2007. Since 2008, he has been a director of Banque Fédérale des Banques Populaires, central body of the Groupe Banque Populaire, and then of Banques Populaires Participations since July 31, 2009.

Pierre Desvergnes, Chairman and Chief Executive Officer of CASDEN Banque Populaire

59 years old, appointed special adviser to Michel Gelly[1] in 1990, then Vice-Chairman under Christian Hébrard[2], Chairman and finally Chairman and Chief Executive Officer of CASDEN Banque Populaire since 2002. After studying literature at university, Mr Desvergnes became a civil servant working as an administrator at a school in Dammarie-les-Lys (Seine-et-Marne) in 1974. He became a school and university administration advisor in 1982, and was appointed head of accounts at the Lycée Henry-Moissan in Meaux. He is Vice-Chairman of CCOMCEN[3] and has been a director of Banque Fédérale des Banques Populaires, central body of the Groupe Banque Populaire (2004-2009), and then of Banques Populaires Participations since July 31, 2009.

Stève Gentili, Chairman of BRED Banque Populaire

60 years old, Chairman of BRED Banque Populaire since 1998. Mr Gentili was head of a leading food manufacturer until 2004. He is also Chairman of Agence des Banques Populaires de France pour la Coopération et le Développement (ABPCD) and of Natixis Pramex International.

Jean Criton, Chief Executive Officer of Banque Populaire Rives de Paris

62 years old, graduate of the *Institut d'Études Politiques* in Paris. During his career, Mr Criton has been Chief Executive Officer of BICS, Chief Executive Officer of Banque Populaire du Centre and Internal Auditor at Chambre Syndicale des Banques Populaires.

Bernard Jeannin, Chief Executive Officer of Banque Populaire Bourgogne Franche-Comté

61 years old, masters in economics. Mr Jeannin joined the Groupe Banque Populaire in 1972, at Banque Populaire Franche-Comté. After working on the operational side, including as a branch manager, he joined the head office, where he worked as central manager in charge of human resources, then lending and general control. In 1992, he was appointed Deputy Chief Operating Officer of Banque Populaire Bretagne-Atlantique, in charge of development. In 1997, he became Chief Executive Officer of Banque Populaire du Quercy et de l'Agenais, and in 2001 he became Chief Executive Officer of Banque Populaire de Franche-Comté, du Mâconnais et de l'Ain. In 2002, he was appointed Chief Executive Officer of Banque Populaire Bourgogne Franche-Comté when the bank was created through the merger between Banque Populaire Bourgogne and Banque Populaire de Franche-Comté, du Mâconnais et de l'Ain.

Caisses d'Epargne representatives

Catherine Amin-Garde, Chairman of the Steering and Supervisory Board of Caisse d'Epargne Loire Drôme Ardèche

55 years old, technical advisor to the Ministry for Youth, Sports and Charities. Ms Amin-Garde holds post-graduate degrees in history (Lyon 2 university), and tourism (Ilkirch Grafenstaden – Lyon 2 university), and is a consultant on youth-related policies (INJEP Marly Le Roy). She joined the Groupe Caisse d'Epargne in 1984. She is currently Chairman of the Steering and Supervisory Board of Caisse d'Epargne Loire Drôme Ardèche.

Francis Henry, Chairman of the Steering and Supervisory Board of Caisse d'Epargne Lorraine Champagne-Ardenne

63 years old, qualified notary with a postgraduate degree in notarial studies. Mr Henry was a practicing notary between 1975 and 2006, and has been a honorary notary since 2006. Francis Henry joined the Board of Directors of Caisse d'Epargne de Reims in 1983, and was appointed its Chairman in 1985. In 1992, following the regional merger, he was appointed Chairman of the Steering and Supervisory Board of Caisse d'Epargne de Champagne-Ardenne.

In 2007, he led the merger with Caisse d'Epargne de Lorraine and has since then been the Chairman of the Steering and Supervisory Board of Caisse d'Epargne Lorraine Champagne-Ardenne.

Pierre Mackiewicz, Chairman of the Steering and Supervisory Board of Caisse d'Epargne Côte d'Azur

60 years old, honorary hospital director. Mr Mackiewicz has spent all of his career in the public hospitals sector. He has an MBA, and joined Caisse d'Epargne Côte d'Azur as a consultant advisor in 1992, before becoming a member of the Steering and Supervisory Board and Risk Management committee in 2000, and becoming Chairman of the Risk Management committee in 2003. He became Vice-Chairman of the Steering and Supervisory Board in 2006, and was appointed Chairman in April 2009.

Pierre Valentin, Chairman of the Steering and Supervisory Board of Caisse d'Epargne Languedoc-Roussillon

57 years old, with a degree in law and a postgraduate degree from the *Institut des Assurances* d'Aix-Marseille. Mr Valentin is an entrepreneur, and started his career at Mutuelle d'Assurances du Bâtiment et des Travaux Publics in Lyon in 1978. In 1979, he returned to Alès and set up Société Valentin Immobilier, a property company with three business areas, *i.e.* property development, estate agency services and property management. Pierre Valentin quickly formed a long-standing commitment to the Caisse d'Epargne network. In 1984, he became a consultant advisor at Caisse d'Epargne d'Alès. In 1991, he became consultant advisor at the newly created Caisse d'Epargne Languedoc-Roussillon. He was a founder member of local companies in 1999, and became president of the Vallée des Gardons local savings company in 2000. Since 2000, he has been a member of the Steering and Supervisory Board of Caisse d'Epargne Languedoc-Roussillon. Since 2002, he has been a member of the Risk Management committee, of which he was Chairman between 2003 and 2006. In 2006, he became Chairman of the Steering and Supervisory Board of Caisse d'Epargne Languedoc-Roussillon, and was reappointed in that capacity in 2009. In 2008, he was appointed Vice-Chairman of Banque Palatine's Supervisory Board, and joined the Board of Directors of Fédération Nationale des Caisses d'Epargne. In 2009, Pierre Valentin was appointed to the Supervisory Board of CNCE (now CE Participations) and BPCE.

Bernard Comolet, Chairman of the Management Board of Caisse d'Epargne Île-de-France

63 years old, Chairman of the Management Board of Caisse Nationale des Caisses d'Epargne (CNCE), the Caisse d'Epargne Group's central body, from October 19, 2008 to March 2, 2009 and Vice-Chairman of CNCE's Supervisory Board from March 31 to July 31, 2009. Mr Comolet is a graduate of the HEC business school, and is Chairman of the Supervisory Board of Banque BCP (France) and a director of Nexity and Banque BCP (Luxembourg).

Didier Patault, Chairman of the Management Board of Caisse d'Epargne Bretagne-Pays de Loire

49 years old, former student at *École Polytechnique* and graduate of *École Nationale des Statistiques et de l'Administration Économique*. Mr Patault joined Caisse d'Epargne des Pays du Hainaut in 1992 as Chief Financial Officer before becoming a member of the Management Board in charge of development, finance and the branch network. From 1999 to 2000 he was Central Director in charge of financial activities at Caisse Centrale des Caisses d'Epargne and head of regional markets at Caisse Nationale des Caisses d'Epargne. Between 2000 and 2003, he was Chairman of the Management Board of Caisse d'Epargne des Pays du Hainaut. In 2004, Mr Patault became Chairman of the Management Board at Caisse d'Epargne des Pays de la Loire and Chairman and Chief Executive Officer of SODERO. After the 2007 merger between Caisse d'Epargne Bretagne and Caisse d'Epargne Pays de la Loire, he became Chairman of the Management Board of Caisse d'Epargne Bretagne-Pays de Loire.

Representatives of the French government

Ramon Fernandez, Head of the Treasury and Economic Policy at the Ministry for the Economy, Industry, and Employment

42 years old, graduate of *Institut d'Études Politiques* in Paris, and of the *École Nationale d'Administration*, in the Léon Gambetta class (1991-1993). Mr Fernandez began his career as an administrator in the Treasury department of the Ministry of the Economy and Finance. In 2007, he became an advisor to the President on economic issues before becoming, from 2008 to 2009, the head of the cabinet of Xavier Bertrand, Minister for Work, Social Relations, the Family and Solidarity. Since March 2009, he has been Director-General of the Treasury and Economic Policy at the French Ministry of the Economy, Industry, and Employment.

Olivier Bourges, Deputy Chief Operating Officer of Agence des Participations de l'État, member of the Ministry for the Economy, Industry and Employment (from November 12 to December 31, 2009)

42 years old, graduate of the *École Nationale d'Administration*, in the Condorcet class. Mr Bourges began his career at the Treasury department as deputy to the head of the banking office. In 1996, he represented France on the Board of Directors of the World Bank. In 1998, he became head of the housing finance office in the Treasury department. In 2000, he joined Renault as head of financial relations. In 2003, he was appointed head of vehicle profitability, and given responsibility for reducing operating expenses. In 2006, he became Vice-Chairman of Nissan North America's corporate planning and program management office. In 2008, he was appointed Senior Vice-President, and head of group management control at Renault. Since September 2009, he has been Deputy Chief Operating Officer of Agence des Participations de l'État.

Independent members

Laurence Danon, Chairman of the Management Board, Edmond de Rothschild Corporate Finance

54 years old, former student at the *École Normale Supérieure* and an engineering graduate of *Corps des Mines*, with post-graduate degrees in physical sciences and organic chemistry. Ms Danon started her career in 1984 in the Ministry of Industry as head of the Industrial Development division and of the Industry and Research department for the Picardy region. She joined the hydrocarbons department of the Ministry of Industry in 1987, as head of the Exploration-Production unit. In 1989, she joined Elf, where she had a commercial role. In 1991, she became head of Elf's Industrial Specialties division. In 1994, she became head of the global Functional Polymers division. In 1996, she was appointed Chief Executive Officer of Ato Findley Adhésives. In 2001, she became Chairman and Chief Executive Officer of Printemps

In 2007, Laurence Danon joined Edmond de Rothschild Corporate Finance as a member of the Management Board.

Marwan Lahoud, head of strategy and marketing and member of the Executive committee of EADS

44 years old, former student at the *École Polytechnique* and at the *École Nationale Supérieure de l'Aéronautique et de l'Espace*. Since June 2007, Mr Lahoud has been head of strategy and marketing and a member of EADS' Executive committee. Previously, he was Chairman and Chief Executive and MBDA. He worked for Aérospatiale as part of its merger with Matra and on the creation of EADS. Within EADS, he worked as Senior Vice-President in charge of mergers and acquisitions.

---

(3) CCOMCEN consists of associations, cooperatives, and mutual benefit societies that serve the social economy and share common ideals. These entities serve staff, participants in and users of the public education system.

2.1.8 Remuneration and benefits received by BPCE executives and executive directors

2.1.8.1 REMUNERATION, BENEFITS IN KIND, LOANS, GUARANTEES AND ATTENDANCE FEES RECEIVED BY BPCE EXECUTIVES AND EXECUTIVE DIRECTORS

The figures below comply with the rules and principles adopted by BPCE's Supervisory Board and set out in section 2.6.1.4.3 The Board's duties and powers.

Summary of remuneration, options and shares granted to each executive director between January 1, and December 31, 2009

		Remuneration due in respect of the period (table 2)	Value of options granted during the year (table 4)	Value of performance shares granted during the year (table 6)
François PÉROL	2008	N/A	N/A	N/A
	2009	461,884.10	0	0
Yvan de La PORTE du THEIL	2008	53,350.00	N/A	N/A
	2009	255,902.70	0	0
Alain LEMAIRE	2008	128,478.36	N/A	N/A
	2009	548,801.97	0	0
Nicolas DUHAMEL	2008	N/A	N/A	N/A
	2009	215,960.62	0	0
Jean-Luc VERGNE	2008	N/A	N/A	N/A
	2009	220,458.71	0	0

Remuneration summary: François Pérol

Chairman of the Management Board of CNCE and Chief Executive Officer of BFBP from 03/02/2009 to 07/31/2009, then Chairman of the Management Board of BPCE between 07/31/2009 and 12/31/2009	2008		2008	
	Amount due(1)	Amount paid(2)	Amount due(1)	Amount paid(2)
Basic pay	/	/	N/A	N/A
Executive directorship	457,594.10	457,594.10	N/A	N/A
Variable pay (with respect to year n-1)	N/A	N/A	N/A	N/A
Exceptional pay	/	0.00	N/A	N/A
Benefits in kind (company car, housing and other benefits)	4,290.00	4,290.00	N/A	N/A
Attendance fees	0.00	N/A	N/A	N/A
Other remuneration related to attendance fees	/	/	N/A	N/A
TOTAL	**461,884.10**	**461,884.10**	**N/A**	**N/A**

Remuneration summary: Yvan de La Porte du Theil

Director of BFBP between 01/01/2009 and 07/31/2009 then member of the Management Board pf BPCE between 07/31/2009 and 12/31/2009	2009		2008	
	Amount due(1)	Amount paid(2)	Amount due(1)	Amount paid(2)
Basic pay	/	/	N/A	N/A
Executive directorship	229,166.70	229,166.70	N/A	N/A
Variable pay (with respect to year N-1)	N/A	N/A	N/A	N/A
Exceptional pay	/	0.00	N/A	N/A
Benefits in kind (company car, housing and other benefits)	2,682.00	2,682.00	N/A	N/A
Attendance fees	24,054.00	39,060	53,350.00	58,862.00
Other remuneration related to attendance fees	/	/	0.00	0.00
TOTAL	**255,902.70**	**270,908.70**	**53,350.00**	**58,862.00**

Remuneration summary: Alain Lemaire

Member of the Management Board and Chief Executive Officer of CNCE between 01/01/2009 and 07/31/2009 then member of the Management Board of BPCE from 07/31/2009 to 12/31/2009	2009		2008	
	Amount due(1)	Amount paid(2)	Amount due(1)	Amount paid(2)
Basic pay	/	/	/	/
Executive directorship	451,366.65	451,366.65	73,236.36	73,236.36
Variable pay (with respect to year N-1)	N/A	N/A	N/A	N/A
Exceptional pay	/	90,361.16	/	0.00
Benefits in kind (company car, housing and other benefits)	5,414.32	5,414.32	400.00	400.00
Attendance fees	92,021.00	101,888.00	54,842.00	31,208.00
Other remuneration related to attendance fees	/	/	/	/
TOTAL	**548,801.97**	**649,030.13**	**128,478.36**	**104,844.36**

Remuneration summary: Nicolas Duhamel

Member of the Management Board of BPCE between 07/31/2009 and 12/31/2009	2008		2008	
	Amount due(1)	Amount paid(2)	Amount due(1)	Amount paid(2)
Basic pay	/	/	N/A	N/A
Executive directorship	212,691.62	212,691.62	N/A	N/A
Variable pay (with respect to year N-1)	N/A	N/A	N/A	N/A
Exceptional pay	/	0.00	N/A	N/A
Benefits in kind (company car, housing and other benefits)	3,269.00	3,269.00	N/A	N/A
Attendance fees	0.00	N/A	N/A	N/A
Other remuneration related to attendance fees	/	/	N/A	N/A
TOTAL	**215,960.62**	**215,960.62**	**N/A**	**N/A**

Remuneration summary: Jean-Luc Vergne

Member of the Management Board of BPCE between 07/31/2009 and 12/31/2009	2008		2008	
	Amount due(1)	Amount paid(2)	Amount due(1)	Amount paid(2)
Basic pay	/	/	N/A	N/A
Executive directorship	217,026.71	217,026.71	N/A	N/A
Variable pay (with respect to year N-1)	N/A	N/A	N/A	N/A
Exceptional pay	/	0.00	N/A	N/A
Benefits in kind (company car, housing and other benefits)	3,432.00	3,432.00	N/A	N/A
Attendance fees	0.00	N/A	N/A	N/A
Other remuneration related to attendance fees	/	/	N/A	N/A
TOTAL	**220,458.71**	**220,458.71**	**N/A**	**N/A**

(1) Remuneration awarded to executive directors for positions held during the year, regardless of the date of payment.
(2) All remuneration actually paid to the executive director for positions held during the year.

Summary of remuneration, options and shares granted to each BPCE executive director between July 31, 2009 and December 31, 2009

(TABLE 1)

		Amount due in 2009	Amount due in 2008
François PÉROL Chairman of the Management Board	Remuneration due in respect of the period (table 2)	€231,311.70	N/A
	Value of options granted during the period (table 4)	€0	N/A
	Value of performance shares granted during the period (table 6)	€0	N/A
Yvan de La PORTE du THEIL Chief Executive Officer - Banque Populaire banks	Remuneration due in respect of the period (table 2)	€255,902.70	N/A
	Value of options granted during the period (table 4)	€0	N/A
	Value of performance shares granted during the period (table 6)	€0	N/A
Alain LEMAIRE Chief Executive Officer – Caisses d'Epargne	Remuneration due in respect of the period (table 2)	€323,801.97	N/A
	Value of options granted during the period (table 4)	€0	N/A
	Value of performance shares granted during the period (table 6)	€0	N/A
Nicolas DUHAMEL Chief Financial Officer	Remuneration due in respect of the period (table 2)	€215,960.62	N/A
	Value of options granted during the period (table 4)	€0	N/A
	Value of performance shares granted during the period (table 6)	€0	N/A
Jean-Luc VERGNE Chief Human Resources Officer	Remuneration due in respect of the period (table 2)	€220,458.71	N/A
	Value of options granted during the period (table 4)	€0	N/A
	Value of performance shares granted during the period (table 6)	€0	N/A

Summary of remuneration received by the Chairman of the Management Board (since July 31, 2009)
(TABLE 2)

	2009		2008	
François PÉROL*	**Amount due[1]**	**Amount paid[2]**	**Amount due[1]**	**Amount paid[2]**
Fixed pay	/	/	N/A	N/A
Executive directorship	€229,166.70	€229,166.70	N/A	N/A
Variable pay (with respect to year N-1)	N/A	N/A	N/A	N/A
Exceptional pay	/	€0	N/A	N/A
Attendance fees	€0	N/A	N/A	N/A
Other remuneration related to attendance fees	/	/	N/A	N/A
Benefits in kind (company car, housing and other benefits)	€2,145	€2,145	N/A	N/A
TOTAL	**€231,311.70**	**€231,311.70**	**N/A**	**N/A**

(1) Remuneration awarded to executive directors for positions held during the year, regardless of the date of payment.
(2) All remuneration actually paid to the executive director for positions held during the year.
** In 2009, François Pérol waived all remuneration as Chairman of the Management Board of Natixis.*

Summary of remuneration received by Management Board member (since July 31, 2009)

	2009		2008	
Yvan de La PORTE du THEIL[3]	**Amount due[1]**	**Amount paid[2]**	**Amount due[1]**	**Amount paid[2]**
Fixed pay	/	/	N/A	N/A
Executive directorship	€229,166.70	€229,166.70	N/A	N/A
Variable pay (with respect to year N-1)	N/A	N/A	N/A	N/A
Exceptional pay	/	€0	N/A	N/A
Attendance fees	€24,054	€39,060	N/A	N/A
Other remuneration related to attendance fees	/	/	N/A	N/A
Benefits in kind (company car, housing and other benefits)	€2,682	€2,682	N/A	N/A
TOTAL	**€255,902.70**	**€270,308.70**	**N/A**	**N/A**

(1) Remuneration awarded to executive directors for positions held during the year, regardless of the date of payment.
(2) All remuneration actually paid to the executive director for positions held during the year.
(3) Information relating to the remuneration received by Mr de La Porte du Theil in 2008 can be found in the BFBP section.

Summary of remuneration received by Management Board member (since July 31, 2009)

Alain LEMAIRE[3]	2009 Amount due[1]	2009 Amount paid[2]	2008 Amount due[1]	2008 Amount paid[2]
Fixed pay	/	/	N/A	N/A
Executive directorship	€229,166.70	€229,166.70	N/A	N/A
Variable pay (with respect to year N-1)	N/A	N/A	N/A	N/A
Exceptional pay	/	€90,361.16	N/A	N/A
Attendance fees	€92,021	€101,888	N/A	N/A
Other remuneration related to attendance fees	/	/	N/A	N/A
Benefits in kind (company car, housing and other benefits)	€2,614.32	€2,614.32	N/A	N/A
TOTAL	**€323,801.97**	**€424,030.13**	**N/A**	**N/A**

(1) *Remuneration awarded to executive directors for positions held during the year, regardless of the date of payment.*
(2) *All remuneration actually paid to the executive director for positions held during the year.*
(3) *Information relating to the remuneration received by Mr Lemaire in 2008 can be found in the CNCE section.*

Summary of remuneration received by Management Board member (since July 31, 2009)

Nicolas DUHAMEL	2009 Amount due[1]	2009 Amount paid[2]	2008 Amount due[1]	2008 Amount paid[2]
Fixed pay	/	/	N/A	N/A
Executive directorship	€212,691.62	€212,691.62	N/A	N/A
Variable pay (with respect to year N-1)	N/A	N/A	N/A	N/A
Exceptional pay	/	/	N/A	N/A
Attendance fees	€0	N/A	N/A	N/A
Other remuneration related to attendance fees	/	/	N/A	N/A
Benefits in kind (company car, housing and other benefits)	€3,269	€3,269	N/A	N/A
TOTAL	**€215,960.62**	**€215,960.62**	**N/A**	**N/A**

(1) *Remuneration awarded to executive directors for positions held during the year, regardless of the date of payment.*
(2) *All remuneration actually paid to the executive director for positions held during the year.*

Summary of remuneration received by Management Board member (since July 31, 2009)

Jean-Luc VERGNE	2009 Amount due[1]	2009 Amount paid[2]	2008 Amount due[1]	2008 Amount paid[2]
Fixed pay	/	/	N/A	N/A
Executive directorship	€217,026.71	€217,026.71	N/A	N/A
Variable pay (with respect to year N-1)	N/A	N/A	N/A	N/A
Exceptional pay	/	/	N/A	N/A
Attendance fees	€0	N/A	N/A	N/A
Other remuneration related to attendance fees	/	/	N/A	N/A
Benefits in kind (company car, housing and other benefits)	€3,432	€3,432	N/A	N/A
TOTAL	**€220,458.71**	**€220,458.71**	**N/A**	**N/A**

(1) *Remuneration awarded to executive directors for positions held during the year, regardless of the date of payment.*
(2) *All remuneration actually paid to the executive director for positions held during the year.*

Rules for the awarding of attendance fees

2008

Amounts due: attendance fees awarded for 2008 (paid in 2009).

Amounts paid: attendance fees paid in 2008 (for 2007).

2009

Amounts due: attendance fees awarded for 2009 (paid in 2010).

Amounts paid: attendance fees paid in 2009 (for 2008).

N/A: not applicable.

2.1.8.2 ATTENDANCE FEES AND OTHER REMUNERATION RECEIVED BY EXECUTIVE DIRECTORS OF BPCE

(TABLE 3)

BPCE director attendance fees: amounts paid and allotted by BPCE to members of the Supervisory Board in the second half of 2009. Attendance fees consist of a fixed amount, calculated on a pro rata basis, and a variable amount. The variable amount is determined by the person's attendance at Supervisory Board and committee meetings. It is limited to six meetings per year for the Supervisory Board and Risk Management committee, and to three meetings per year for the Appointments and Remuneration committee.

Other remuneration: "Other remuneration" consists of total attendance fees received by each executive director with respect to his/her duties within committees of group companies during the period in question. Each payment of an attendance fee relates to the executive director's presence in committee meetings, and is calculated on the basis of the total amount decided in each structure's shareholders' meeting.

N/A: not applicable.

ND: not defined.

Table of attendance fees and other remuneration received by non-executive officers of BPCE between July 31, 2009 and December 31, 2009

	Amount paid during 2009	Amount awarded with respect to 2009 (to be paid in 2010)
Philippe DUPONT, Chairman of the Supervisory Board		
BPCE director attendance fees	N/A	N/A
Chairman and housing allowance	€183,333.00	N/A
Other remuneration	€0	€3,000
Yves TOUBLANC, Vice-Chairman of the Supervisory Board		
BPCE director attendance fees	€0	€6,000
Vice-Chairman allowance	€33,333.00	N/A
Other remuneration	€0	€3,000
Caisses d'Epargne representatives		
Catherine AMIN-GARDE		
BPCE director attendance fees	€0	€10,500.00
Other remuneration	€4,200.00	ND
Bernard COMOLET		
BPCE director attendance fees	€0	€11,750.00
Other remuneration	€126,731.00	€3,000.00
Francis HENRY		
BPCE director attendance fees	€0	€8,166.67
Other remuneration	€63,600.00	€3,000.00
Pierre MACKIEWICZ		
BPCE director attendance fees	€0	€10,500.00
Other remuneration	€0	€3,000

	Amount paid during 2009	Amount awarded with respect to 2009 (to be paid in 2010)
Didier PATAULT		
BPCE director attendance fees	€0	€8,166.67
Other remuneration	€10,400.00	€6,600.00
Pierre VALENTIN		
BPCE director attendance fees	€0	€11,750.00
Other remuneration	€17,725.00	€3,000.00
Banque Populaire banks representatives		
Gérard BELLEMON		
BPCE director attendance fees	€0	€10,500.00
Other remuneration	€21,030.00	€3,000.00
Thierry CAHN		
BPCE director attendance fees	€0	€11,750.00
Other remuneration	€7,335.00	€3,000.00
Jean CRITON		
BPCE director attendance fees	€0	€11,750.00
Other remuneration	€18,000.00	ND
Pierre DESVERGNES		
BPCE director attendance fees	€0	€8,166.67
Other remuneration	€14,885.00	€3,000.00
Stève GENTILI		
BPCE director attendance fees	€0	€10,000.00
Other remuneration	€34,194.00	ND
Bernard JEANNIN		
BPCE director attendance fees	€0	€8,166.67
Other remuneration	€34,326.00	€3,000.00
Representatives of the French government		
Ramon FERNANDEZ		
BPCE director attendance fees	€0	€6,000.00
Hervé de VILLEROCHE (resignation noted 11/12/2009)		
BPCE director attendance fees	€0	€6,472.22
Olivier BOURGES (co-opted 11/12/2009)		
BPCE director attendance fees	€0	€5,277.77
Independent members		
Laurence DANON		
BPCE director attendance fees	€0	€14,916.67
Marwan LAHOUD		
BPCE director attendance fees	€0	€21,166.67

	Amount paid during 2009	Amount awarded with respect to 2009 (to be paid in 2010)
Non-voting directors		
Natixis (non-voting director as of right), represented by Laurent Mignon		
BPCE director attendance fees	€0	€4,083.33
Michel SORBIER (Chairman of FNCE)		
BPCE director attendance fees	€0	€4,083.33
Pierre CARLI		
BPCE director attendance fees	€0	€4,083.33
Jean MERELLE		
BPCE director attendance fees	€0	€3,583.33
Jean-Philippe GIRARD (Chairman of FNBP)		
BPCE director attendance fees	€0	€4,083.33
Christian du PAYRAT		
BPCE director attendance fees	€0	€4,083.33
Alain CONDAMINAS		
BPCE director attendance fees	€0	€4,083.33
TOTAL ATTENDANCE FEES	**€530,300.00**(1)	**€275,416.65**(2)

(1) Attendance fees received with respect to duties on the committees of companies forming part of the BPCE group, other than BPCE.
(2) Attendance fees receivable with respect to duties on BPCE's Supervisory Board.

2.1.8.3 STOCK OPTIONS

(TABLE 4)

	Stock options granted to executive directors in the second half of 2009					
Name of executive director	**Grant date**	**Type of option**	**Value of options**	**Number of options granted**	**Strike price**	**Exercise period**
No stock options were granted in the second half of 2009						

(TABLE 5)

	Stock options exercised by executive directors in the second half of 2009		
Name of executive director	**No. and date of plan**	**Number of options exercised during the year**	**Strike price**
No stock options were exercised in the second half of 2009			

(TABLE 6)

	Performance shares awarded to executive directors in the second half of 2009 (bonus shares related to performance criteria)					
Performance shares awarded by the Shareholders' Meeting	**Number and date of plan**	**Number of shares awarded**	**Value of shares**	**Vesting date**	**End of lock-up period**	**Performance conditions**
No performance shares were awarded to executive directors during the second half of 2009						

(TABLE 7)

Performance shares vested in executive directors in the second half of 2009 (vesting of bonus shares related to performance criteria)			
Vesting of performance shares	No. and date of plan	Number of shares vested	Vesting conditions
No bonus shares vested in executive directors in the second half of 2009, and no bonus shares were awarded			

(TABLE 8)

						Past grants of stock options and bonus shares
Name of executive director	Grant date	Type of option	Number of options granted	Strike price after adjustment	Start of option exercise period	Expiry date
No grant of stock options or bonus shares						

(TABLE 9)

	Stock options exercised by the ten non-executive director employees who exercised the most options		
Name of non-executive director employee	No. and date of plan	Number of shares granted and exercised during the first half of 2009	Weighted average price
No stock options were granted to or exercised by a BPCE employee in the first half of 2009			

2.1.8.4 POST-EMPLOYMENT BENEFITS OF EXECUTIVE DIRECTORS

(TABLE 10)

Name of executive director	Term of office		Employment contract	Supplementary pension plan	Remuneration or benefits due or potentially due as a result of termination or change in duties	Compensation relating to a non-compete clause
	Start	End				
François PÉROL Chairman of the Management Board	07/31/2009	2013	NO	former BFBP plan*	NO	NO
Alain LEMAIRE Member of the Management Board – Caisse d'Epargne network	07/31/2009	2013	NO	former CNCE plan	NO	NO
Yvan de La PORTE du THEIL Member of the Management Board – Banque Populaire network	07/31/2009	2013	NO	former BFBP plan*	NO	NO
Nicolas DUHAMEL Member of the Management Board – Finance	07/31/2009	2013	NO	former BFBP plan*	NO	NO
Jean-Luc VERGNE Member of the Management Board – Human resources	07/31/2009	2013	NO	former BFBP plan*	NO	NO

* *Defined-contribution plan open to all employees of the former BFBP.*

The former BFBP and former CNCE pension plans are accompanied by a supplementary pension plan.

FORMER BFBP SUPPLEMENTARY PLAN:

Members of the Management Board covered by the former BFBP pension plan may receive a "pension guarantee". This guarantee is a supplementary pension plan, and the vesting of rights under the plan is subject to the employee finishing his/her career with the company (Article L. 137-11 of the French Social Security Code).

Plan members are people who are or have been Chief Executive Officers of Banque Populaire banks.

A plan member, if he/she has belonged to the aforementioned category for at least 7 years and has ended his/her career with the Banque Populaire network for the purpose of receiving the full state pension, by age 65 at the latest, shall receive a supplementary pension (pension guarantee) which equals the difference between:

- 50% of the reference remuneration, equal to average gross remuneration including benefits in kind in the two calendar years before stopping work, capped at an amount set by the Group Remuneration committee, which is currently €370,000; during retirement, this amount is adjusted in the same way as AGIRC points;
- and total pension income from other sources (statutory and supplementary group pensions), along with any remuneration paid by the Group if the person resumes working after retirement.

This supplementary pension, once liquidated, may be paid to the person's spouse and non-remarried divorced former spouses at a rate of 60%.

This plan, which is funded entirely by the Group, is covered by an insurance policy.

The 50% rate applies to people entering the category of plan members since July 1, 2004. The rate for other plan members is 70%, falling to 60% from their 70th birthday.

In accordance with decree 2009-445 of April 20, 2009, this plan has not been accepting new members since April 22, 2009.

FORMER CNCE SUPPLEMENTARY PLAN:

Members of the Management Board covered by the former CNCE plan may, under an agreement dated July 18, 2005, benefit from a supplementary defined-benefit pension plan designed to give them additional retirement income based on their salary.

To benefit from this plan, beneficiaries must meet all of the conditions below on the day of their departure:

- they must end their career within the Groupe Caisse d'Epargne. This condition is met when beneficiaries are Group employees on the date of their departure or retirement;
- they must have served for at least 10 years as members of CNCE's Management Board on the date of their departure or retirement. Any person having served, at the date of his/her departure or retirement, at least 10 years as Chairman of a Caisse d'Epargne's Management Board or as Chief Executive Officer of an entity affiliated to CNCE (within the meaning of Article L. 511-31 of the French Monetary and Financial Code), limited to five years, may also benefit from the plan;
- they must have liquidated their basic social security pension and compulsory ARRCO and AGIRC supplementary pensions. Beneficiaries shall be entitled to an annual annuity equal to 10% of their average gross remuneration in the three best full calendar years within the Groupe Caisse d'Epargne at the date of the termination of their employment contract or at the end of their corporate officership.

2.1.9 Roles and operating procedures

The role and operating procedures of the Supervisory Board are described in section 2.6 "Chairman's report on the conditions in which the work of the Supervisory Board is prepared and organized".

2.2 Management Board

2.2.1 Term of office

The members of the Management Board were appointed by the Supervisory Board on a motion by the Chairman of the Management Board at its meeting of July 31, 2009, for a term of four years.

2.2.2 Principles

The Management Board consists of between two and five individuals, which may be selected from people who are not shareholders.

The age limit is 65. When a member reaches that age limit, he or she is deemed to have resigned as of the date of the next meeting of the Supervisory Board, which will decide on his or her replacement.

The Chairman of the Management Board is appointed by the Supervisory Board.

2.2.3 Members

At December 31, 2009

François Pérol, Chairman of the Management Board
Yvan de La Porte du Theil, Chief Executive Officer – Banques Populaires
Alain Lemaire, Chief Executive Officer – Caisses d'Epargne
Nicolas Duhamel, Chief Financial Officer
Jean-Luc Vergne, Chief Human Resources Officer

2.2.4 Directorships and offices held by members of BPCE's Management Board in 2009

François PEROL
Born 11/06/1963

Offices held at December 31, 2009

Chairman of BPCE's Management Board

Chairman of the Management Board of Caisse Nationale des Caisses d'Epargne – CNCE (until July 31, 2009)

Chief Executive Officer: Banques Populaires Participations, Caisses d'Epargne Participations, Banque Fédérale des Banques Populaires – BFBP (until July 31, 2009)

Chairman of the Board of Directors: Natixis, Financière Océor

Vice-Chairman of the Executive committee: Fédération Bancaire Française

Director: Banques Populaires Participations, Caisses d'Epargne Participations, CNP Assurances, Sopassure, Crédit Immobilier et Hotelier (CIH)

Offices held at December 31 of previous years

2008	2007	2006	2005
Deputy Secretary – Office of the French President	**Deputy Secretary – Office of the French President**	**Managing partner at Rothschild & Cie**	**Managing partner at Rothschild & Cie**

Yvan de La PORTE du THEIL
Born 05/21/1949

Offices held at December 31, 2009

Director: Coface, Natixis Private Banking, Banque Privée 1818, Financière Océor, Natixis, Société Marseillaise de Crédit (SMC)

Chairman of the Supervisory Board: MA BANQUE

Member of the Supervisory Board: FONCIA Groupe

Member of the Management Board and Chief Executive Officer: BPCE

Permanent representative of BP Participations on the Board of Directors of BICEC

Offices held at December 31 of previous years

2008	2007	2006	2005
Chief Executive Officer of Banque Populaire Val de France **Director:** Banque Fédérale des Banques Populaires (Vice-Président), Coface, Natixis Private Banking, Crédit Commercial du Sud-Ouest (CCSO) **Chairman of the Supervisory Board:** MA BANQUE **Member of the Supervisory Board:** FONCIA Groupe, Natixis **Permanent representative of Banque Populaire Val de France on the Board of Directors of** i-BP	**Chief Executive Officer of Banque Populaire Val de France** **Member of the Supervisory Board:** Natixis **Director:** Coface, Natixis Pramex North America Corp, Natixis Private Banking **Director representing Banque Populaire Val de France:** i-BP **Chairman of the Supervisory Board:** MA BANQUE **Member of the Executive committee:** Confédération Internationale des Banques Populaires **Member of the Supervisory Board:** FONCIA Groupe	**Chief Executive Officer of Banque Populaire Val de France** **Company secretary:** Banque Fédérale des Banques Populaires **Member of the Supervisory Board:** Natixis **Vice-Chairman representing Banque Populaire Val de France:** i-BP **Chairman of the Supervisory Board:** MA BANQUE (formerly SBE) **Member of the Executive committee:** Confédération Internationale des Banques Populaires **Director:** Coface **Member:** Groupe Banque Populaire Risk Management committee, Natexis Banque Populaire Remuneration committee	**Chief Executive Officer of Banque Populaire Val de France** **Director:** Banque Fédérale des Banques Populaires, Coface, Natexis Banques Populaires **Vice-Chairman representing Banque Populaire Val de France:** i-BP **Chairman of the Supervisory Board:** SBE **Member of the Executive Committee:** Confédération Internationale des Banques Populaires **Member:** Groupe Banque Populaire Risk Management committee, Natexis Banque Populaire Remuneration committee

Alain LEMAIRE
Born 03/05/1950

Offices held at December 31, 2009

Member of the Management Board, BPCE / Chief Executive Officer (Caisses d'Epargne network), BPCE

Chairman of the Board of Directors: Natixis Asset Management, Erixel

Chairman of the Supervisory Board: Banque Palatine, FLCP (Supervisory committee), GCE Capital, SOCFIM

Chairman: Erixel, GCE Fidélisation

Director / Member of the Supervisory Board: ANF, Caisses d'Epargne Participations (permanent representative of BPCE), Crédit Foncier de France, Natixis, Nexity, Banque Privée 1818, Banca Carige, CNP Assurances, Sopassure, GCE Domaines, Erilia, CE Syndication Risque (formerly CE Garanties Entreprises) (permanent representative of BPCE), Natixis Epargne Financière, Natixis Epargne Financière Gestion, Ecureuil Vie Développement

Non-voting director: The Yunus Movie Project Partners

Offices held at December 31 of previous years

2008

Member of the Management Board / Chief Executive Officer: Caisse Nationale des Caisses d'Epargne (CNCE)

Chairman of the Management Board of Caisse d'Epargne et de Prévoyance: Provence Alpes Corse

Chairman of the Board of Directors: Crédit Foncier de France, Natixis Asset Management, Erixel

Chairman of the Supervisory Board: Banque Palatine, FLCP (Comité de Surveillance), GCE Capital, SOCFIM

Chairman: Erixel

Director / Member of the Supervisory Board: Natixis (permanent representative of CNCE), Nexity, Banca Carige, CNP Assurances, Sopassure, GCE Domaines, Marseille Aménagement, Erilia, Banque de la Réunion (permanent representative of CEP PAC), Banque des Antilles Françaises (permanent representative of CEP PAC), La Chaîne Marseille – LCM (permanent representative of CEP PAC), Natixis Epargne Financière, Natixis Epargne Financière Gestion, ANF, La Compagnie 1818 – Banquiers Privés, Proxipaca Finance (Management Board), Financière Océor (permanent representative of CEP PAC), Viveris Management, Viveris (Management Board), GCE Business Services (permanent representative of CEPAC), CE Garanties Entreprises (permanent representative of CEPAC)

Legal manager: SCF Py & Rotja

Non-voting director: The Yunus Movie Project Partners

2007

Chairman of the Management Board of Caisse d'Epargne et de Prévoyance: Provence Alpes Corse

Chairman of the Supervisory Board: SOCFIM

Vice-Chairman of the Supervisory Board: Ecureuil Gestion, Ecureuil Gestion FCP

Director / Member of the Supervisory Board: Caisse Nationale des Caisses d'Epargne (CNCE), Arpège, GCE Capital, La Compagnie 1818 – Banquiers Privés, Proxipaca Finance (Conseil de Direction), Financière Océor (permanent representative of CEP PAC), Banque de la Réunion (permanent representative of CEP PAC), Banque des Antilles Françaises (permanent representative of CEP PAC), La Chaîne Marseille – LCM (permanent representative of CEP PAC), GCE Business Services (permanent representative of CEPAC), CE Garanties Entreprises (permanent representative of CEPAC)

Legal manager: SCF Py & Rotja

2006

Chairman of the Management Board of Caisse d'Epargne et de Prévoyance: Provence Alpes Corse

Chairman of the Supervisory Board: SOCFIM

Vice-Chairman of the Supervisory Board: Ecureuil Gestion, Ecureuil Gestion FCP

Director / Member of the Supervisory Board:

Caisse Nationale des Caisses d'Epargne (CNCE), Arpège, GCE Capital, La Compagnie 1818 – Banquiers Privés, Proxipaca Finance (Management Board), Financière Océor (permanent representative of CEP PAC), Banque de la Réunion (permanent representative of CEP PAC), Banque des Antilles Françaises (permanent representative of CEP PAC), La Chaine Marseille – LCM (permanent representative of CEP PAC)

Legal manager: SCF Py & Rotja

2005

Chairman of the Management Board of Caisse d'Epargne et de Prévoyance: Provence Alpes Corse

Chairman of the Supervisory Board: SOCFIM

Vice-Chairman of the Supervisory Board: Ecureuil Gestion, Ecureuil Gestion FCP

Director / Member of the Supervisory Board: Caisse Nationale des Caisses d'Epargne (CNCE), Arpège, La Compagnie 1818 – Banquiers Privés, Proxipaca Finance (Management Board), Financière Océor (permanent representative of CEP PAC), Banque de la Réunion (permanent representative of CEP PAC), Banque des Antilles Françaises (permanent representative of CEP PAC), La Chaine Marseille – LCM (permanent representative of CEP PAC)

Legal manager: SCF Py & Rotja

Nicolas DUHAMEL
Born 08/13/1953

Offices held at December 31, 2009

Member of the Management Board / Chief Financial Officer of BPCE
Deputy Chief Executive Officer, CE Participations
Deputy Chief Executive Officer, BP Participations
Director, Financière Océor
Permanent representative of BPCE, director of Natixis
Permanent representative of CE Participations, director of Crédit Foncier de France

Offices held at December 31 of previous years

2008	2007	2006	2005
Deputy Chief Executive Officer: Groupe La Poste **Member of the Executive committee:** Groupe La Poste	**Deputy Chief Executive Officer:** Groupe La Poste **Member of the Executive committee:** Groupe La Poste	**Deputy Chief Executive Officer:** Groupe La Poste **Member of the Executive committee:** Groupe La Poste	**Deputy Chief Executive Officer:** Groupe La Poste **Member of the Executive committee:** Groupe La Poste

Jean-Luc VERGNE
Born 10/23/1948

Offices held at December 31, 2009

Member of the Management Board / Chief Human Resources Officer of BPCE

Offices held at December 31 of previous years

2008	2007	2006	2005
Chairman and Chief Executive Officer: Peugeot Citroën Automobiles **Chairman:** AFPA (Association pour la Formation Professionnelle des Adultes) **Head of Relations and Human Resources at PSA Peugeot Citroën (and member of the Executive committee / Management committee)**	**Chairman and Chief Executive Officer:** Peugeot Citroën Automobiles **Head of Relations and Human Resources at PSA Peugeot Citroën (and member of the Executive committee / Management committee)**	**Chairman and Chief Executive Officer:** Peugeot Citroën Automobiles **Head of Relations and Human Resources at PSA Peugeot Citroën (and member of the Executive committee / Management committee)**	**Chairman and Chief Executive Officer:** Peugeot Citroën Automobiles **Head of Relations and Human Resources at PSA Peugeot Citroën (and member of the Executive committee / Management committee)**

2.2.5 Biographies

François Pérol

46 years old, graduate of the HEC business school and the Paris IEP (Institute of Political Studies) and a former student of the *École Nationale de l'Administration* (ENA). Mr Pérol began his career with the *Inspection Générale des Finances* (Ministry of Finance) in 1990. In 1994, he became deputy general secretary at the *Comité Interministériel de Restructuration Industrielle* (CIRI).

In 1996, he was appointed to the Treasury as Head of the Financial Market Office.

From 1999-2001, he was Secretary-General of the Club de Paris, in charge of international negotiations on debt. He was deputy head of corporate financing and development at the Treasury in 2001, and in 2002 was appointed deputy head of the cabinet of Francis Mer, Minister for the Economy, Finance and Industry, then deputy head of the cabinet of Nicolas Sarkozy, Minister of State and Minister for the Economy, Finance and Industry in 2004.

In 2005, he became a managing partner at Rothschild & Cie.

In May 2007, he was appointed deputy secretary-general in the French President's office.

Between March 2 and July 31, 2009, François Pérol was Chairman of the Management Board of Caisse Nationale des Caisses d'Epargne and Chief Executive Officer of Banque Fédérale des Banques Populaires.

Since July 31, 2009, he has been Chairman of the BPCE's Management Board. Mr Pérol is also Chairman of the Board of Directors of Natixis and Vice-Chairman of the Fédération Bancaire Française.

Yvan de La Porte du Theil

60 years old, with degrees from the *Institut d'Administration des Entreprises* (IAE Nantes) and the *Institut de Contrôle de Gestion* (Nantes) business schools. Mr de La Porte du Theil joined Groupe Banque Populaire in 1973. In 1982, he was appointed Deputy Chief Operating Officer of Banque Populaire Val de France. In 1993, he joined the Chambre Syndicale des Banques Populaires where he was Central Director in Charge of Development, Communication and International Affairs, then Deputy Chief Operating Officer, and finally, Deputy Chief Executive Officer in Charge of Development, International, Organization, and Technology. In 2000, he was appointed Chief Executive Officer of Banque Populaire Val de France.

Yvan de La Porte du Theil has been Deputy Chief Executive Officer of Banque Fédérale des Banques Populaires since March 2009. Since July 31, 2009, when BPCE was created, he has been Chief Executive Officer and Management Board member in charge of the Banque Populaire network.

Alain Lemaire

60 years old, with a master's degree in public law and graduate of the *École Nationale des Impôts* (French tax law school) and ENA. Mr Lemaire began his career with the *Caisse des Dépôts et Consignations* and Crédit Local de France (CLF). He became a member of CLF's Management Board in 1991, and a member of the CDC's Executive committee in 1993. In 1997, he joined the Groupe Caisse d'Epargne as a member of the Management Board of CENCEP (the body that gave rise to the CNCE in 1999).

He was Chief Executive Officer of Crédit Foncier between 1999 and 2002, and was appointed Chairman of the Management Board of Caisse d'Epargne Provence-Alpes-Corse in 2002.

Alain Lemaire has been Chief Executive Officer of the Caisse Nationale des Caisses d'Epargne since October 2008 and a member of the Supervisory Board since 2002.

Since July 31, 2009, when BPCE was created, he has been Chief Executive Officer and Management Board member in charge of the Caisse d'Epargne network.

Nicolas Duhamel

56 years old, graduate of the IEP (Political Studies Institute) in Paris, degree in law, degree in economics, alumnus of ENA (an elite French business administration school). Mr Duhamel was a Finance Inspector at the Ministry of the Economy until 1984. He subsequently had financial responsibilities in several businesses. He was head of the Financial department of France Telecom from 1984 to 1988, Chief Financial Officer of the listed group Havas from 1993 to 1998, and Deputy Chief Operating Officer of the publishing arm of Vivendi Universal until 2001.

Since 2002, Mr Duhamel has been Deputy Chief Executive Officer and CFO of the La Poste group, and a member of its Executive committee.

Since July 31, 2009, he has been Chief Financial Officer and a member of the Management Board at BPCE.

Jean-Luc Vergne

61 years old, master's degree in public law. Mr Vergne began his career at Sanofi, where he held various positions. He became head of human resources at Sanofi in 1987, then at Groupe ELF in 1993. He joined PSA Peugeot Citroën in 2000 as head of Relations and Human Resources and member of the Executive committee, before becoming a member of the Executive Management committee in 2007. Mr Vergne was also Chairman and Chief Executive Officer of Peugeot Citroën Automobiles between 2002 and 2009.

He is Chairman of the AFPA (French adult professional training agency).

Since July 31, 2009, he has been Chief Human Resources Officer and a member of the Management Board at BPCE.

2.2.6 Remuneration and benefits received by BPCE Management Board members

This information is available in section 2.1.8 "Remuneration and benefits received by members of BPCE's Supervisory Board".

2.2.7 Role and operating procedures

Independence and integrity

Members of the Management Board may hold other offices subject to laws and regulations in force. A Management Board member may not perform similar functions to those of Chief Executive Officer or Deputy Chief Executive Officer within a Caisse d'Epargne et de Prévoyance or Banque Populaire banks.

Compliance with European Regulation 809/2004 of April 29, 2004

To the company's knowledge:

- there is no conflict of interest between the duties of Management Board members to the issuer and their private interests or other obligations;
- there are no family links between Management Board members;
- no member of the Management Board has, for at least the last five years, been convicted of fraud, associated with a bankruptcy, sequestration of assets or liquidation, found guilty of a crime or subject to an official public punishment handed down by legal or regulatory authorities, or prevented by a court from being a member of a management, executive or supervisory body or from being involved in the management or business operations of an issuer;
- at the filing date of this document, no member of the Management Board was related to BPCE or any of its subsidiaries by a service contract specifying the award of benefits.

Duties and powers

In accordance with Article 18 of BPCE's bylaws, the Management Board has the widest powers to act under all circumstances in the company's name within the corporate purpose and subject to decisions requiring prior authorization pursuant to the law or these bylaws of the Supervisory Board and shareholder meetings.

In particular, the Management Board shall:

- perform duties as the company's central body as specified by law, and if applicable after receiving prior authorization from the Supervisory Board specified by these bylaws;
- exercise all banking, financial, administrative and technical powers;
- approve the appointment of head executives within the company's main direct and indirect subsidiaries;
- appoint the person or persons tasked with provisional management or control functions in relation to an affiliated entity in the event that the Supervisory Board decides to remove persons mentioned in Article L. 512-108 of the French Monetary and Financial Code from their post;
- decide, in an emergency, to suspend one or more executives responsible for an affiliated credit institution as a protective measure;
- use the Group's internal solidarity mechanisms, including by calling on guarantee and solidarity funds from the Networks and the Group;
- approve the bylaws of affiliated entities and local savings companies and any changes thereto;
- determine the rules relating to the remuneration of managers responsible for affiliated credit institutions and to items of remuneration, compensation of benefits awarded to these people on or after the termination of their functions;
- issue general internal directives to affiliated entities, to ensure the outcomes defined in Article L. 511-31 of the French Monetary and Financial Code.

The Management Board is required to comply with limitations on powers set out in Articles 27.1, 27.2, 27.3 and 27.4 of BPCE's bylaws, which set out the duties of the Supervisory Board.

The Chairman of the Management Board represents the company in its dealings with third parties.

On the proposal of the Chairman of the Management Board, the Supervisory Board may attribute the same power of representation to one or more Management Board members, who shall then bear the title of Chief Executive Officers. The Chairman of the Management Board and the Chief Executive or Chief Executives, if any, are authorized to appoint any special representative to deputize for them in respect of part of their powers. With the authorization of the Supervisory Board, the members of the Management Board may, on the proposal of the Chairman of the Management Board, divide management tasks between them. However, in no event may this division have the effect of removing the Management Board's character as a collegial management body.

Once every three months, the Management Board shall present a written report to the Supervisory Board regarding the company's performance. Within three months of the end of each accounting period, the Management Board shall complete the non-consolidated financial statements and present them to the Supervisory Board for verification and control purposes.

2.3 Senior management bodies

2.3.1 Members of the Executive committee

The Executive Management committee includes nine people, of which five are members of BPCE's Management Board, appointed by the Supervisory Board. The Executive Management committee is chaired by the Chairman of the Management Board.

At December 31, 2009

François Pérol, Chairman of the Management Board
Yvan de La Porte du Theil, Chief Executive Officer – Banques Populaires
Alain Lemaire, Chief Executive Officer – Caisses d'Epargne
Nicolas Duhamel, Chief Financial Officer
Jean-Luc Vergne, Chief Human Resources Officer
Guy Cotret, Deputy Chief Operating Officer, Real Estate Transactions
Laurent Mignon, Chief Executive Officer of Natixis
Philippe Queuille, Deputy Chief Operating Officer – Operations
François Riahi, Deputy Chief Operating Officer – Strategy

2.3.2 Biographies

The biographies of the five Management Board members are presented in section 2.2.5, "Biographies".

Guy Cotret

60 years old. Mr Cotret has spent the whole of his career within the Groupe Caisse d'Epargne. After earning his master's degree in law and his attorney qualification certificate, he joined Caisse d'Epargne de Reims in 1975. He was appointed Chairman of the Management Board of Caisse d'Epargne de Champagne-Ardenne when it was created in 1992, and remained in that role for ten years.

In 2002, he joined the Management Board of Crédit Foncier as Chief Executive Officer. In December 2003, Guy Cotret became a member of the Management Board of Caisse Nationale des Caisses d'Epargne, in charge of human resources and banking operations. Since July 2007, he has been deputy Chief Executive Officer of Nexity, and he was appointed Chairman of Crédit Foncier's Board of Directors in October 2009.

Laurent Mignon

46 years old, graduate of HEC and the Stanford Executive Program. Mr Mignon worked in various roles at Banque Indosuez between 1986 and 1996.

He was a deputy director at Schroders in London in 1996, and joined the AGF group in 1997 as Chief Financial Officer, becoming a member of the Executive committee in 1998.

He then took charge of Investments, AGF Banking, AGF Asset Management, AGF Real Estate, Life & Financial Services, and Credit Insurance. In January 2006, he was appointed Chief Executive Officer of Groupe AGF, and Chairman of the Executive committee and member of the International Executive committee of Allianz.

Since September 2007, Laurent Mignon has been a managing partner at Oddo & Cie. He has been Chief Executive Officer of Natixis since May 14, 2009.

Philippe Queuille

53 years old, graduate of the *École Nationale Supérieure d'Arts et Métiers*. Mr Queuille joined Groupe Banque Populaire in 1980 within Banque Populaire du Sud-Ouest. He was appointed Chief Executive Officer of Banque Populaire de la Loire in 1998, then Chief Executive Officer of Banque Populaire de l'Ouest in 2001. In 2006, he became Chairman and Chief Executive Officer of i-BP.

Mr Queuille has been Deputy Chief Operating Officer of Banque Fédérale des Banques Populaires since January 2008.

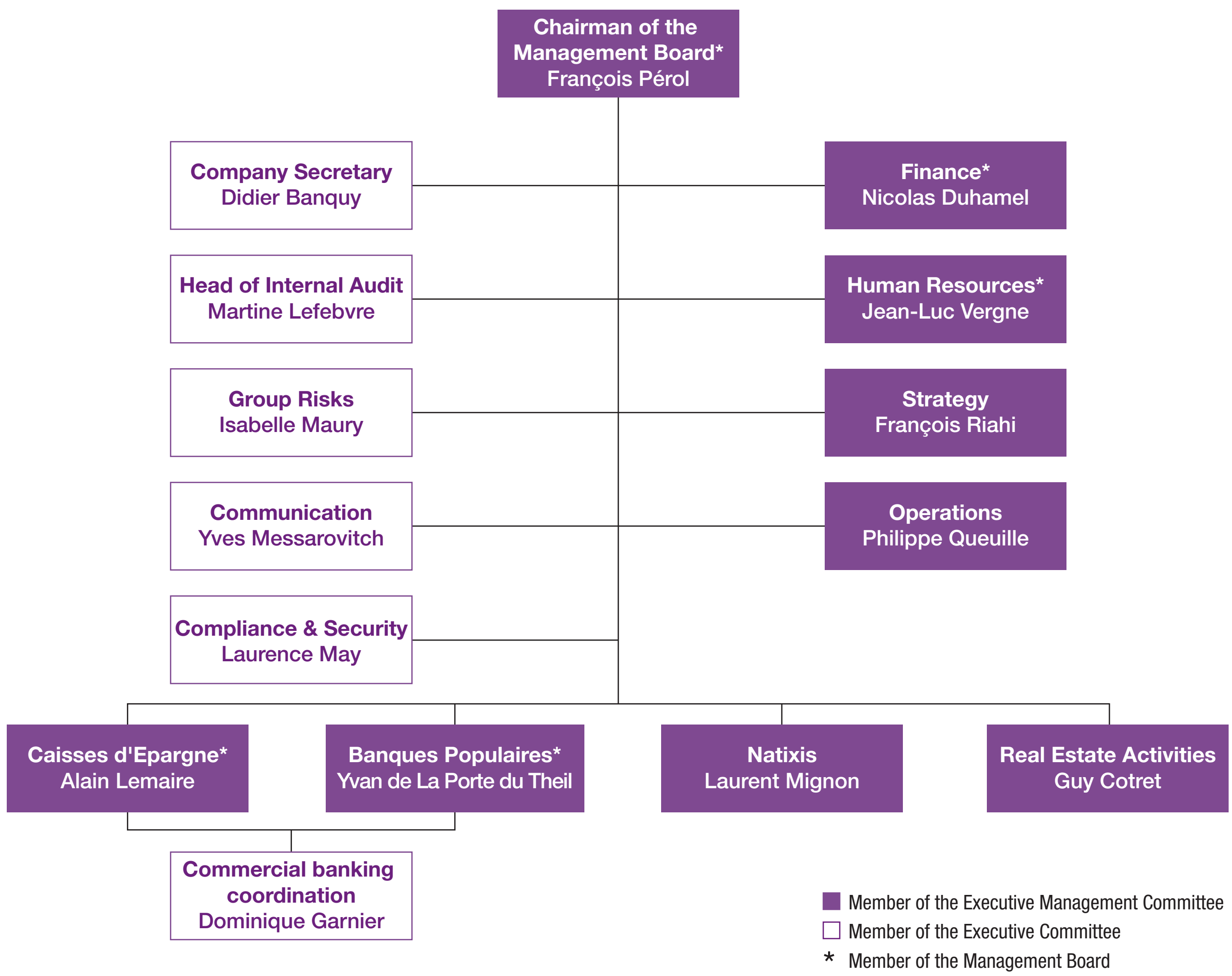
François Riahi

37 years old, graduate of the *École Centrale de Paris* and the *Institut d'Études Politiques de Paris*, and an ENA alumnus. Mr Riahi was a Treasury official at the Inspection Générale des Finances from 2001 to 2005. He joined the Budget department as an official representative of the Director, then head of the Budget Policy Office.

In 2007, he was appointed Advisor to the President of France, in charge of government and public finance reform. In March 2009, François Riahi became an advisor to François Pérol at Caisse Nationale des Caisses d'Epargne and Banque Fédérale des Banques Populaires.

2.3.3 Organization of the central institution

At December 31, 2009



2.4 Main committees

Information about the operating procedures, duties and composition of the various committees that assist the Supervisory Board are described in section 2.6, "Chairman's report on the preparation and organization of the Supervisory Board's work, on internal control procedures and on risk management".

2.5 Corporate governance summary for Banque Fédérale des Banques Populaires (BFBP) and Caisse Nationale des Caisses d'Epargne (CNCE) between January 1 and July 31, 2009

2.5.1 Summary of the activity of BFBP's Board of Directors

Banque Fédérale des Banques Populaires, central body of the network of Banque Populaire banks and Crédit Maritime Mutuel, has decided to apply the December 2008 Corporate Governance Code for listed companies resulting from the October 2008 AFEP-MEDEF report on the remuneration of corporate officers at listed companies. The notion of independent directors is not applicable to Banque Fédérale des Banques Populaires.

2.5.1.1 MEMBERS OF BFBP'S BOARD OF DIRECTORS

At July 31, 2009[(1)]

Function	First appointed	Term of office ends[(2)]	Business address
Chairman			
Philippe Dupont, Chairman of Groupe Banque Populaire	07/08/1999	05/2011	BPCE – 50, avenue Pierre Mendès-France – 75201 Paris Cedex 13
Vice-Chairmen			
Jean Clochet, Chairman of Banque Populaire des Alpes	05/27/2004	05/2010	Banque Populaire des Alpes – 2, avenue du Grésivaudan – BP 43 – Corenc – 38701 La Tronche Cedex
Pierre Desvergnes, Chairman and Chief Executive Officer of CASDEN Banque Populaire	05/27/2004	05/2010	CASDEN Banque Populaire – 91, cours des Roches – Noisiel – 77424 Marne la Vallée Cedex 2
Bernard Jeannin, Chief Executive Officer of Banque Populaire Bourgogne Franche-Comté	01/19/2005	05/2011	Banque Populaire Bourgogne Franche-Comté – 5, avenue de Bourgogne – BP 63 – 21802 Quétigny Cedex
Secretary			
Jacques Hausler, Chief Executive Officer of Banque Populaire Lorraine Champagne	05/18/2006	12/2011	Banque Populaire Lorraine Champagne – 3, rue François de Curel – BP 40124 – 57021 Metz Cedex 1
Directors			
Jean-Louis Bancel, Deputy Vice-Chairman of Crédit Coopératif	05/14/2009	05/2010	Crédit Coopératif – Le Pablo Picasso – 72, avenue de la Liberté – BP 211 – 92002 Nanterre Cedex
Gérard Bellemon, Chairman of Banque Populaire Val de France	05/14/2009	05/2011	Banque Populaire Val de France – 9, avenue Newton – 78183 Saint-Quentin-en-Yvelines Cedex
Thierry Cahn, Chairman of Banque Populaire d'Alsace	05/15/2008	12/2011	Banque Populaire d'Alsace – Immeuble le Concorde – 4, quai Kléber – BP 10401 – 67001 Strasbourg Cedex
Pierre Delourmel, Chairman of Banque Populaire de l'Ouest	05/19/2005	12/2011	Banque Populaire de l'Ouest – 1, place de la Trinité CS 86434 – 35064 Rennes Cedex
Michel Doligé, Chairman of Banque Populaire Occitane	05/31/2007	05/2010	Banque Populaire Occitane – 33-43, avenue Georges Pompidou – 31135 Balma Cedex
Bernard Fleury, Chairman of Banque Populaire Côte d'Azur	05/31/2007	05/2010	Banque Populaire Côte d'Azur – 457, promenade des Anglais – BP 241 – 06292 Nice Cedex 03
Marc Jardin, Chairman of Banque Populaire Rives de Paris	05/22/2002	05/2010	Banque Populaire Rives de Paris – Immeuble Sirius – 76-78, avenue de France – 75204 Paris Cedex 13
François Moutte, Chief Executive Officer of Banque Populaire du Sud	11/22/2001	05/2010	Banque Populaire du Sud – 38, boulevard Georges Clémenceau – 66966 Perpignan Cedex
Christian du Payrat, Chief Executive Officer of Banque Populaire du Massif Central	05/18/2006	12/2011	Banque Populaire du Massif Central – 18, boulevard Jean Moulin – BP 53 – 63002 Clermont-Ferrand Cedex
François-Xavier de Fornel, Chief Executive Officer of Banque Populaire Provençale et Corse	03/16/2009	05/2011	Banque Populaire Provençale et Corse – 245, boulevard Michelet – BP 25 – 13274 Marseille Cedex 09
Gonzague de Villèle, Chief Executive Officer of Banque Populaire Centre Atlantique	10/08/2008	05/2010	Banque Populaire Centre Atlantique – 32, boulevard Carnot – BP 416 – 87011 Limoges Cedex

(1) Before the fulfillment of conditions precedent to the transfers.
(2) Date of Shareholders' Meeting to approve the financial statements for the year.

Non-voting director:

Natixis, represented by Jean-Yves Forel.

For consultative purposes:

- François Pérol, Chief Executive Officer of Banque Fédérale des Banques Populaires;
- Nicolas Duhamel [3], Deputy Chief Executive Officer of Banque Fédérale des Banques Populaires.

Attending meetings:

- Olivier Haertig, Company Secretary of Banque Fédérale des Banques Populaires;
- Pierre Ribuot, representative of the Work Council of Banque Fédérale des Banques Populaires;
- Philippe Bessard, representative of the Bank's Work Council.

2.5.1.2 TERMS OF OFFICE AND DUTIES OF BFBP DIRECTORS IN 2009

The terms of office and duties during 2009 of BFBP directors: Messrs Dupont, Bellemon, Cahn, Desvergnes, Gentili and Jeannin (representing the Banque Populaire network on the BPCE Supervisory Board since 07/31/2009), and of François Pérol, are set out in section 2.1.6 "Directorships and offices held by members of BPCE's Supervisory Board in 2009".

The terms of office and duties of BFBP's other directors in 2009 are set out below. Terms of office for 2005, 2006, 2007 and 2008 may be seen in Groupe Banque Populaire's 2008 registration document, available on the *www.bpce.fr* website under "Investor relations", filed with the AMF on April 24, 2009 under number D. 08-0288.

Jean-Louis BANCEL
Born 01/20/1955

Crédit Coopératif
Le Pablo Picasso
72, avenue de la Liberté
BP 211- 92002 Nanterre Cedex

Offices held at December 31, 2009

Chairman of the Board of Directors of Crédit Coopératif
Director: Banques Populaires Participations (BP Participations, formerly BFBP)

Former offices

-

Offices held at December 31 of previous years

2008	2007	2006	2005
Deputy Vice-Chairman of the Board of Directors of Crédit Coopératif	**Deputy Vice-Chairman of the Board of Directors of Crédit Coopératif**	**Deputy Vice-Chairman of the Board of Directors of Crédit Coopératif**	**Deputy Vice-Chairman of the Board of Directors of Crédit Coopératif**

(3) *Following the resignation of Yvan de La Porte du Theil.*

Jean CLOCHET
Born 02/05/1946

Banque Populaire des Alpes
2, avenue du Grésivaudan
BP 43 – Corenc – 38701 La Tronche Cedex

Offices held at December 31, 2009

Chairman of the Board of Directors of Banque Populaire des Alpes
Chairman of the Board of Directors: NGAM (Natixis Global Asset Management)
Director: Natixis Private Banking
Director (Vice-Chairman): Banques Populaires Participations (BP Participations, formerly BFBP), Banque de Savoie, Natixis Asset Management

Former offices

Member of the Supervisory Board of Natixis – *appointed: 05/30/2007 – term of office ended: 04/30/2009*
Director of Natixis – *appointed: 04/30/2009 – term of office ended: 11/06/2009*

Pierre DELOURMEL
Born 06/26/1945

Banque Populaire de l'Ouest
1, place de la Trinité
35064 Rennes Cedex

Offices held at December 31, 2009

Chairman of the Board of Directors of Banque Populaire de l'Ouest
Director: Banques Populaires Participations (BP Participations, formerly BFBP), Crédit Commercial du Sud-Ouest (CCSO)
Member of the Supervisory Board of FONCIA Groupe

Former offices

-

Jean-Claude DETILLEUX
Born 04/16/1941

Crédit Coopératif
72, avenue de la Liberté
BP 211
92002 Nanterre Cedex

Offices held at December 31, 2009

Deputy Vice-Chairman of the Board of Directors of Crédit Coopératif
Chairman of the Board of Directors: Natixis Private Equity
Director: Banque Chaix

Former offices

Director: Banques Populaires Participations (BP Participations, formerly BFBP) – *appointed: 05/31/2007 – term of office ended: 05/14/2009*

Michel DOLIGÉ
Born 06/30/1942

Banque Populaire Occitane
33-43, avenue Georges Pompidou
31135 Balma Cedex

Offices held at December 31, 2009

Chairman of the Board of Directors of Banque Populaire Occitane
Chairman of the Board of Directors: Natixis Coficiné
Director: Banques Populaires Participations (BP Participations, formerly BFBP), Natixis Pramex International, Natixis Private Equity, Crédit Commercial du Sud-Ouest (CCSO), Fédération Nationale des Banques Populaires (FNBP)
Representative of Natixis Coficiné on the Board of Directors of MCI – Media Consulting & Investment

Former offices

-

Bernard FLEURY
Born 07/15/1946

Banque Populaire Côte d'Azur
457, promenade des Anglais
BP 241
06292 Nice Cedex 03

Offices held at December 31, 2009

Chairman of the Board of Directors of Banque Populaire Côte d'Azur
Chairman of the Board of Directors: Natixis Interépargne
Director: Banques Populaires Participations (BP Participations, formerly BFBP), Banque Chaix, Natixis Private Banking

Former offices

-

François-Xavier de FORNEL
Born 11/16/1947

Banque Populaire Provençale et Corse
245, boulevard Michelet
BP 25
13274 Marseille Cedex 09

Offices held at December 31, 2009

Chief Executive Officer of Banque Populaire Provençale et Corse

Vice-Chairman of the Board of Directors: Natixis Algérie

Member of the Supervisory Board: FONCIA Groupe, MA BANQUE

Director: Banques Populaires Participations (BP Participations, formerly BFBP), Natixis Consumer Finance, Natixis Financement, Société Marseillaise de Crédit (SMC)

Former offices

-

Offices held at December 31 of previous years

2008	2007	2006	2005
Chief Executive Officer of Banque Populaire Provençale et Corse **Vice-Chairman of the Board of Directors:** Natixis Algérie **Member of the Supervisory Board:** FONCIA Groupe, MA BANQUE **Director:** Société Marseillaise de Crédit (SMC), Banque Chaix (Vice-Chairman), Natixis Financement, Natixis Consumer Finance	**Chief Executive Officer of Banque Populaire Provençale et Corse** **Vice-Chairman of the Board of Directors:** Natixis Algérie **Member of the Supervisory Board:** FONCIA Groupe, MA BANQUE **Director:** Natixis Financement, Natixis Consumer Finance	**Chief Executive Officer of Banque Populaire Provençale et Corse** **Vice-Chairman of the Board of Directors:** Natixis Algérie **Member of the Supervisory Board:** MA BANQUE	**Chief Executive Officer of Banque Populaire Provençale et Corse** **Vice-Chairman of the Board of Directors:** Natixis Algérie

Jacques HAUSLER
Born 10/11/1945

Banque Populaire Lorraine Champagne
3, rue François de Curel
BP 40124
57021 Metz Cedex 1

Offices held at December 31, 2009

Chief Executive Officer of Banque Populaire Lorraine Champagne

Director: Banques Populaires Participations (BP Participations, formerly BFBP), Natixis Private Banking, Société Marseillaise de Crédit (SMC)

Member of the Supervisory Board: FONCIA Groupe

Legal manager: SEGIMLOR

Permanent representative of Banque Populaire Lorraine Champagne on the Board of Directors: i-BP, Association des Banques Populaires pour la Création d'Entreprise

Permanent representative of Banque Populaire Lorraine Champagne, Chairman of SAS Euro Capital

Former offices

Permanent representative of Banque Populaire Lorraine Champagne on the Board of Directors (non-voting director): i-BP

Marc JARDIN
Born 07/02/1945

Banque Populaire Rives de Paris
Immeuble Sirius
76-78, avenue de France
75204 Paris Cedex 13

Offices held at December 31, 2009

Chairman of the Board of Directors of Banque Populaire Rives de Paris
Chairman of the Board of Directors: Natexis Asset Management Immobilier
Director: Banques Populaires Participations (BP Participations, formerly BFBP), Natixis Lease, Natixis Securities (ex-Ixis-Securities), Aew Europe, Banque Chaix, Fédération Nationale des Banques Populaires (FNBP)

Former offices

-

Yvan de La PORTE du THEIL
Born 05/21/1949

BPCE
50, avenue Pierre Mendès France
75201 Paris Cedex 13

Offices held at December 31, 2009

Director: Coface, Natixis Private Banking, Banque Privée 1818, Financière Océor, Natixis, Société Marseillaise de Crédit (SMC)
Chairman of the Supervisory Board: MA BANQUE
Member of the Supervisory Board: FONCIA Groupe
Member of the Management Board and Chief Executive Officer: BPCE
Permanent representative of BP Participations on the Board of Directors of BICEC

Former offices

Chief Executive Officer of Banque Populaire Val de France
Director: Banque Fédérale des Banques Populaires (Vice-Chairman), Crédit Commercial du Sud-Ouest (CCSO)
Member of the Supervisory Board: Natixis

Bruno METTLING
Born 03/30/1958

BPCE
50, avenue Pierre Mendès France
75201 Paris Cedex 13
(term of office as Deputy Chief Executive Officer of BFBP ended: 03/02/2009)

Offices held at December 31, 2009

Director: COFACE
Permanent representative of BP Participations, Chairman of the Board of Directors of SAS BP Création

Former offices

Chairman of the Supervisory Board: FONCIA Groupe
Member of the Supervisory Board: Natixis, MA BANQUE
Director: Natixis Private Banking, Société Marseillaise de Crédit (SMC), Association des Banques Populaires pour la création d'entreprise, Natixis Assurances
Permanent representative of BP Participations, Chairman of the Board of Directors: SAS SIBP, SAS Ponant 2
Permanent representative of BP Participations on the Board of Directors: BICEC, Natixis Consumer Finance, Natixis Financement
Permanent representative of BP Participations, legal manager of SCI Ponant Plus

François MOUTTE
Born 06/04/1948

Banque Populaire du Sud
38, Boulevard Georges Clémenceau
66966 Perpignan Cedex 09

Offices held at December 31, 2009

Chief Executive Officer of Banque Populaire du Sud

Director: Banques Populaires Participations (BP Participations, formerly BFBP), Société Marseillaise de Crédit (SMC)

Permanent representative of Banque Populaire du Sud on the Board of Directors, Vice-Chairman of Banque Dupuy, de Parseval and of Banque Marze

Permanent representative of Banque Populaire du Sud on the Board of Directors of i-BP

Former offices

-

Christian du PAYRAT
Born 04/05/1956

Banque Populaire du Massif Central
18, Boulevard Jean Moulin
BP 53
63002 Clermont-Ferrand Cedex

Offices held at December 31, 2009

Chief Executive Officer of Banque Populaire du Massif Central

Chairman of the Board of Directors: Natixis Paiements

Director: Banques Populaires Participations (BP Participations, formerly BFBP), Natixis Global Asset Management, Crédit Commercial du Sud-Ouest (CCSO)

Permanent representative of Banque Populaire du Massif Central on the Board of Directors of: BICEC, i-BP, Natixis Lease, Association des Banques Populaires pour la Création d'Entreprise

Non-voting director: BPCE

Former offices

Director: Natixis LLD

Gonzague de VILLÈLE
Born 01/23/1953

Banque Populaire Val de France
9, avenue Newton
78183 Saint-Quentin-en-Yvelines

Offices held at December 31, 2009

Chief Executive Officer of Banque Populaire Val de France

Member of the Supervisory Board: MA BANQUE

Director: Fédération Nationale des Banques Populaires (FNBP), Crédit Commercial du Sud-Ouest (CCSO), Natixis Interépargne

Permanent representative of Banque Populaire Centre Atlantique on the Board of Directors of i-BP

Former offices

Chief Executive Officer of Banque Populaire Centre Atlantique

Director: Banques Populaires Participations (BP Participations, formerly BFBP)

2.5.1.3 REMUNERATION AND BENEFITS RECEIVED BY BFBP EXECUTIVES AND EXECUTIVE DIRECTORS

A/ Remuneration, benefits in kind, loans, guarantees and attendance fees received by BFBP executives and executive directors between January 1 and July 31, 2009

Between January 1 and July 31, 2009, related parties were companies consolidated by the Groupe Banque Populaire (regardless of consolidation method) and the executive officers of Banque Fédérale des Banques Populaires (BFBP), the Groupe Banque Populaire's central body.

During that period, the Board of Directors decided on February 25, 2009, with effect from March 2, 2009:

- to split the roles of Chairman and Chief Executive Officer, with Philippe Dupont remaining Chairman of the Board of Directors from that date;
- to terminate Bruno Mettling's term of office as Deputy Chief Executive Officer;
- to appoint François Pérol as Chief Executive Officer of BFBP for a term lasting until the effective creation of a new central body for the Banque Populaire banks and Caisses d'Epargne.

Summary of remuneration, options and shares awarded to each executive director

(TABLE 1)

Remuneration due in respect of the period		2009	2008
	with respect to his role at BFBP	€275,599	€301,721
	with respect to his role at Natixis	€60,082	€350,000
Philippe DUPONT(1)	**TOTAL**	**€335,681**	**€651,721**

(1) *Chairman and Chief Executive Officer of BFBP (until March 2, 2009), Chairman of BFBP (from March 2 to July 31, 2009), Chairman of the Management Board of Natixis (until March 2, 2009).*

Value of options granted during the period		2009	2008
	with respect to his role at BFBP	€0	€0(2)
	with respect to his role at Natixis	€0	€0
Philippe DUPONT(1)	**TOTAL**	**€0**	**€0(2)**

(1) *Chairman of the Management Board of Natixis (until March 2, 2009).*
(2) *Mr Dupont expressly waived the stock options allotted to him in 2008 with respect to his role at BFBP.*

Value of performance shares granted during the period		2009	2008
	with respect to his role at BFBP	-	-
	with respect to his role at Natixis	-	-
Philippe DUPONT	**TOTAL**	**€0**	**€0**

Remuneration due in respect of the period		2009	2008
	with respect to his role at BFBP	€56,880.41	€345,525
	with respect to his role at Natixis	€0	€23,000
Bruno METTLING(1)	**TOTAL**	**€56,880.41**	**€368,525**

(1) *Deputy Chief Executive Officer of BFBP (until March 2, 2009), member of the Supervisory Board of Natixis (until March 5, 2009), member of the Risk Management committee of Natixis (from January 16, 2008 to March 5, 2009). Bruno Mettling waived attendance fees as member of Natixis' Supervisory Board and Risk Management committee in 2009.*

Value of options granted during the period		2009	2008
	with respect to his role at BFBP	€0	€0(1)
	with respect to his role at Natixis	€0	€0
Bruno METTLING	**TOTAL**	**€0**	**€0(1)**

(1) *Mr Mettling expressly waived the stock options allotted to him in 2008 with respect to his role at BFBP.*

Value of performance shares granted during the period		2009	2008
	with respect to his role at BFBP	-	-
	with respect to his role at Natixis	-	-
Bruno METTLING	**TOTAL**	**€0**	**€0**

Remuneration due in respect of the period		2009	2008
	with respect to his role at BFBP	€113,844	€0
	with respect to his role at Natixis	€0	€0
François PÉROL(1)	**TOTAL**	**€113,844**	**€0**

(1) Chief Executive Officer of BFBP (from March 2 to July 31, 2009), Chairman of the Supervisory Board of Natixis (from March 6 to April 30, 2009), Chairman of the Board of Directors of Natixis (since April 30, 2009).

Value of options granted during the period		2009	2008
	with respect to his role at BFBP	€0	€0
	with respect to his role at Natixis	€0	€0
François PÉROL	**TOTAL**	**€0**	**€0**

Value of performance shares granted during the period		2009	2008
	with respect to his role at BFBP	-	-
	with respect to his role at Natixis	-	-
François PÉROL	**TOTAL**	**€0**	**€0**

Summary of the remuneration of each executive director

(TABLE 2)

Philippe DUPONT	01/01/2009 – 07/31/2009 Amount due(1)	01/01/2009 – 07/31/2009 Amount paid(2)	2008 Amount due(1)	2008 Amount paid(2)
Fixed pay	**€268,722**	**€268,722**	**€595,000**	**€595,000**
with respect to BFBP	€208,640	€208,640	€245,000	€245,000
with respect to Natixis	€60,082	€60,082	€350,000	€350,000
Variable pay(4)	**€0**	**€0**	**€0**	**€110,000**
with respect to BFBP	€0	€0	€0	€110,000
with respect to Natixis	€0	€0	€0	€0
Exceptional pay	**€0**	**€0**	**€0**	**€0**
Attendance fees	**€17,019**	**€17,019**	**€11,484**	**€11,040**
with respect to BFBP subsidiaries	€0	€0	€0	€0
with respect to BFBP	€17,019	€17,019	€11,484	€11,040
Benefits in kind(3)	**€49,940**	**€49,940**	**€45,237**	**€45,237**
with respect to BFBP	€49,940	€49,940	€45,237	€45,237
with respect to Natixis	€0	€0	€0	€0
TOTAL	**€335,681**	**€335,681**	**€651,721**	**€761,277**

(1)(2) Rémunérations attribuées au dirigeant mandataire social en titre de ses fonctions au cours de l'exercice quelle que soit la date de versement.
(3) Voiture et logement de fonction pour M. Dupont.
(4) Les rémunérations variables de l'année N sont versées au titre des résultats de l'année N - 1. Le conseil d'administration de la BFBP du 16/03/2009 a décidé qu'aucune rémunération variable ne sera versée en 2009 aux mandataires sociaux de la BFBP.

Bruno METTLING*	01/01/2009 – 07/31/2009 Amount due(1)	01/01/2009 – 07/31/2009 Amount paid(2)	2008 Amount due(1)	2008 Amount paid(2)
Fixed pay	**€46,054.60**	**€46,054.60**	**€290,000**	**€290,000**
with respect to BFBP	€46,054.60	€46,054.60	€290,000	€290,000
with respect to Natixis	€0	€0	€0	€0
Variable pay(4)	**€0**	**€0**	**€0**	**€130,000**
with respect to BFBP	€0	€0	€0	€130,000
with respect to Natixis	€0	€0	€0	€0
Exceptional pay	**€0**	**€0**	**€0**	**€0**
Attendance fees	**€0**	**€0**	**€32,792**	**€62,163**
with respect to his role at BFBP and its subsidiaries	€3,600	€3,600	€9,792	€34,563
with respect to his role at Natixis	€0	€0	€23,000	€27,600
Benefits in kind(3)	**€7,225.81**	**€7,225.81**	**€45,733**	**€45,733**
with respect to his role at BFBP	€7,225.81	€7,225.81	€45,733	€45,733
with respect to his role at Natixis	€0	€0	€0	€0
TOTAL	**€56,880.41**	**€56,880.41**	**€368,525**	**€527,896**

(1)(2) Remuneration awarded to executive directors for positions held during the year, regardless of the date of payment.
(3) Mr Mettling's company car and accommodation.
(4) Variable pay in year N is paid in respect of results in year N-1. In its meeting on 03/16/2009, BFBP's Board of Directors decided that no variable pay would be paid to BFBP's executive directors in 2009.
** Bruno Mettling's remuneration relates only to the period between 01/01/2009 and 03/02/2009, during which he was Deputy Chief Executive Officer of BFBP.*

	01/01/2009 – 07/31/2009		2008	
François PÉROL	**Amount due[1]**	**Amount paid[2]**	**Amount due[1]**	**Amount paid[2]**
Fixed pay	**€113,844**	**€113,844**	**€0**	**€0**
with respect to BFBP	€113,844	€113,844	€0	€0
with respect to Natixis	€0	€0	€0	€0
Variable pay[4]	**€0**	**€0**	**€0**	**€0**
with respect to BFBP	€0	€0	€0	€0
with respect to Natixis	€0	€0	€0	€0
Exceptional pay	**€0**	**€0**	**€0**	**€0**
Attendance fees	**€0**	**€0**	**€0**	**€0**
with respect to his role at BFBP and its subsidiaries	€0	€0	€0	€0
with respect to his role at Natixis	€0	€0	€0	€0
Benefits in kind[3]	**€0**	**€0**	**€0**	**€0**
with respect to his role at BFBP	€0	€0	€0	€0
with respect to his role at Natixis	€0	€0	€0	€0
TOTAL	**€113,844**	**€113,844**	**€0**	**€0**

(1)(2)Remuneration awarded to executive directors for positions held during the year, regardless of the date of payment.
(3) Mr Pérol's company car and accommodation.
(4) Variable pay in year N is paid in respect of results in year N-1. In its meeting on 03/16/2009, BFBP's Board of Directors decided that no variable pay would be paid to BFBP's executive directors in 2009.

Neither Philippe Dupont, Bruno Mettling nor François Pérol received any allowances or benefits in kind from companies controlled by Banque Fédérale des Banques Populaires.

B/ Attendance fees and other remuneration received by executive directors of BFBP

Attendance fees and other remuneration received by non-executive directors in 2009

(TABLE 3)

	Amount paid in 2009 with respect to 2008 and the first half of 2009(1)		Amount paid in 2008	
	Attendance fees	Other remuneration	Attendance fees	Other remuneration
Jean-Louis BANCEL	€1,230	-	-	-
Gérard BELLEMON(2)	€0	-	-	-
Thierry CAHN	€0	-	-	-
Jean CLOCHET	€39,809	-	€50,036	-
Pierre DELOURMEL	€13,485	-	€8,832	-
Pierre DESVERGNES(2)	€0	-	€12,436	-
Jean-Claude DETILLEUX	€11,505	-	€12,840	-
Michel DOLIGÉ	€13,370	-	€11,124	-
Bernard FLEURY	€19,335	-	€15,624	-
François-Xavier de FORNEL	€9,175	-	-	-
Stève GENTILI(2)	€0	-	€34,301	-
Jacques HAUSLER	€15,939	-	€17,005	-
Marc Jardin	€14,885	-	€13,824	-
Bernard JEANNIN(2)	€0	-	€46,252	-
Yvan de La PORTE du THEIL(3)	€0	-	€40,022	-
François MOUTTE	€6,978	-	€5,520	-
Christian du PAYRAT	€13,273	-	€13,536	-
Gonzague de VILLÈLE	€8,801	-	-	-
TOTAL	**€167,785**		**€281,352**	

(1) *The stated amounts relate to attendance fees earned with respect to positions on the Board of Directors and specialist committees of BFBP and companies controlled by BFBP at July 31, 2009. Between August 1 and December 31, 2009, the amounts relate to attendance fees earned in BP Participations, the Banque Populaire banks, Natixis and their subsidiaries.*

(2) *To avoid overlaps, information concerning executive directors who in 2009 were members of both BFBP's Board of Directors and then BPCE's Board of Directors, is stated only in the table showing attendance fees received by non-executive directors of BPCE (table 3, BPCE section).*

(3) *To avoid overlaps, information concerning the remuneration of Yvan de La Porte du Theil is stated only in table 1 showing remuneration paid to executive directors of BPCE.*

C/ Stock options

No options have been granted over Banque Fédérale des Banques Populaires shares.

However, executive directors have been granted options over Natixis shares with respect to their positions at Banque Fédérale des Banques Populaires and companies controlled by Banque Fédérale des Banques Populaires.

Stock options granted during the year to each executive director by the issuer and by any Group company

(TABLE 4)

Name of executive director[1]	Date granted	Type of option	Value of options	Number of options granted	Strike price	Exercise period
No stock options were granted during the period.						

(1) Philippe Dupont, Bruno Mettling, François Pérol.

Stock options exercised by each executive director during the year

(TABLE 5)

Name of executive director[1]	No. and date of plan	Number of options exercised during the year	Strike price
No stock options were exercised during the period			

(1) Philippe Dupont, Bruno Mettling, François Pérol.

Performance shares awarded to each executive director

(TABLE 6)

Performance shares awarded by the Shareholders' Meeting	Number and date of plan	Number of shares awarded	Value of shares	Vesting date	End of lock-up period	Performance conditions
No performance shares were awarded or sold in 2009 or any previous year						

Vested performance shares of each executive director

(TABLE 7)

Vesting of performance shares	No. and date of plan	Number of shares vested	Vesting conditions
No performance shares were awarded or sold in 2009 or any previous year			

Past grants of stock options

(TABLE 8)

INFORMATION ABOUT STOCK OPTIONS

	2003 plan	2004 plan	2005 plan	2007 plan	2008 plan
Date of Natixis AGM	May 31, 2001	May 27, 2004	May 19, 2005	November 17, 2006	May 24, 2007
Date of decision by Natixis Management Board	September 10, 2003	November 17, 2004	November 15, 2005	January 29, 2007	January 21, 2008
Number of stock options granted within the Groupe Banque Populaire on the date of the Natixis Management Board meeting, including the number granted to*:	2,648,800	2,771,230	3,187,800	4,142,600	3,726,800
Corporate officers					
Executive directors					
Philippe DUPONT	184,800	192,500	215,600	400,400	N/A(1)
with respect to his role within the Groupe Banque Populaire	92,400	92,400	107,800	107,800	N/A(1)
with respect to his role within the Natixis group	92,400	100,100	107,800	292,600	0
Bruno METTLING	-	-	77,000	107,800	N/A(1)
François PÉROL	-	-		-	-
Non-executive corporate officers					
Jean-Louis BANCEL	-	-	-	-	-
Gérard BELLEMON	-	-	-	-	-
Thierry CAHN	10,780	10,780	15,400	20,020	N/A(1)
Jean CLOCHET	-	-	15,400	20,020	N/A(1)
Pierre DELOURMEL	10,780	10,780	15,400	20,020	N/A(1)
Pierre DESVERGNES	-	-	-	-	-
Jean-Claude DETILLEUX	38,500	38,500	43,120	58,520	-
Michel DOLIGÉ	10,780	10,780	15,400	20,020	N/A(1)
Bernard FLEURY	9,240	9,240	13,860	20,020	N/A(1)
François-Xavier de FORNEL	-	-	-	-	-
Stève GENTILI	10,780	10,780	15,400	20,020	N/A(1)
Jacques HAUSLER	43,120	43,120	47,740	61,600	N/A(1)
Marc JARDIN	10,780	10,780	15,400	20,020	N/A(1)
Bernard JEANNIN	43,120	43,120	47,740	61,600	N/A(1)
Yvan de La PORTE du THEIL	43,120	43,120	47,740	61,600	N/A(1)
François MOUTTE	38,500	38,500	47,740	61,600	N/A(1)
Christian du PAYRAT	38,500	38,500	43,120	58,520	N/A(1)
Gonzague de VILLÈLE	13,860	18,480	43,120	58,520	N/A(1)

	2003 plan	2004 plan	2005 plan	2007 plan	2008 plan
Vesting date	September 10, 2007	November 17, 2008	November 15, 2009	January 29, 2011	January 21, 2012
Expiry date	September 9, 2010	November 16, 2011	November 14, 2012	January 28, 2014	January 20, 2015
Strike price after adjustment in euro**	5.41	5.79	7.74	14.38	8.27
Exercise arrangements where the plan comprises more than one tranche	N/A	N/A	N/A	N/A	N/A
Number of shares subscribed at 07/31/2009 within the Groupe Banque Populaire, taking into account staff mobility	589,897	107,030	21,560	-	-
Cumulative number of cancelled or lapsed stock options, taking into account staff mobility	31,108	18,480	3,850	-	868,560
Cumulative number of remaining stock options at the end of the year within the Groupe Banque Populaire, taking into account staff mobility	2,063,985	2,677,752	3,179,330	4,107,334	2,846,690

* *After adjustment following the Natixis capital increase in September 2008.*

** *The strike price corresponds to the average stockmarket price of Natixis shares during the 20 trading days preceding the date on which the Management Board made its decision.*

(1) *Taking into account individual waivers of options granted in 2008.*

(TABLE 9)

Stock options granted to the top ten recipients of stock options (excluding executive directors) and exercised by these recipients	Total number of options granted / shares subscribed or bought	Weighted average price	Plan 1	Plan 2
Options granted during the year, by the issuer and all companies included in the scope of option grants, to the ten employees of the issuer and any company within that scope that were granted the most options (aggregate figure)	337,260(1)	€8.27	01/21/2008	-
Options for shares in the issuer and aforementioned companies exercised during the year by the ten people that exercised the most options (aggregate figure)	-	-	-	-

(1) *After adjustment following the Natixis capital increase in September 2008.*

D/ Post-employment benefits: executive directors

M.M. Dupont, Mettling and Pérol are covered by general social security pension arrangements and by the additional ARRCO and AGIRC plans, as well as by a supplementary pension plan. The deferred compensation programs of BFBP executive directors are detailed below:

Disclosure relating to the deferred remuneration of the directors of Banque Fédérale des Banques Populaires (Article L. 225-42-1 and Article R. 225-34-1 of the French Commercial Code).

In its December 16, 2008 meeting, the Board of Directors of Banque Fédérale des Banques Populaires, in accordance with Article L. 225-42-1 of the French Commercial Code relating to the deferred compensation programs of executive directors, and with the AFEP-MEDEF recommendations of October 2008 relating to the remuneration of executive directors, redefined and authorized the severance packages of Philippe Dupont (Chairman and Chief Executive Officer) and Bruno Mettling (Deputy Chief Executive Officer) as follows. "In the event of a forced departure (non-renewal or revocation of their term of office) not relating to the failure of the company or action on their part, Mr Dupont and Mr Mettling shall receive remuneration subject to performance criteria and capped at two years' salary (fixed and variable), provided that the Groupe Banque Populaire's consolidated net profit or Tier-1 ratio is 8% higher than in the year preceding the termination of their term of office)."

Performance criteria are established with respect to the function of the Groupe Banque Populaire's central body, in relation to that company's performance, appraised using the following indicators and on a consolidated basis: Tier-1 capital, Tier-1 ratio, and ROE based on IFRS earnings attributable to equity holders of the parent divided by average capital excluding unrealized or deferred earnings.

M.M. Dupont and Mettling will receive the maximum amount of compensation as defined above, provided that during their terms of office preceding their forced departure, the amount of Tier-1 capital increased by at least 25% or either the Tier-1 ratio or ROE increased by more than 100 basis points.

In the event of an increase smaller than the aforementioned thresholds, but of at least 20% for Tier I capital and 80 basis points for ROE and the Tier I ratio, they will receive 50% of the compensation amount. Compensation will be equal to one year of pay, to which will be added one twelfth of annual pay per year of service in the Groupe Banque Populaire and one twelfth per year of service as Chairman and Chief Executive Officer, Chief Executive Officer or Deputy Chief Executive Officer. Compensation may not exceed two years of gross annual pay. The gross annual pay figure used shall be the average gross annual pay (including the value of benefits in kind) in the two years preceding the forced departure.

These measures were never implemented and became null and void on the creation of BPCE on July 31, 2009.

(TABLE 10)

	Employment contract[(1)]		Supplementary pension plan		Remuneration or benefits due or potentially due as a result of termination or change in duties		Compensation relating to a non-compete clause	
Executive directors	**Yes**	**No**	**Yes[(2)]**	**No**	**Yes[(3)]**	**No**	**Yes**	**No**
Philippe DUPONT								
CEO of BFBP until 03/02/2009		X	X		X			X
Chairman of BFBP (03/02/2009 – 07/31/2009)		X	X		X			X
Start of term of office: 08/08/1999								
End of term of office: 05/2011								
Bruno METTLING								
Deputy Chief Executive Officer of BFBP	X		X		X			X
Start of term of office: 07/01/2006								
End of term of office: 03/02/2009								
François PÉROL								
Chief Executive Officer of BFBP		X	X			X		X
Start of term of office: 03/02/2009								
End of term of office: 05/2013								

(1) Mr Mettling's employment contract was suspended between 2006 and March 2, 2009. Mr Mettling resumed his employment contract between March and August 2009, when his contract ended.

(2) Philippe Dupont and Bruno Mettling belong to the supplementary pension plan open to all executive managers of the Groupe Banque Populaire in accordance with the relevant bylaw.

The aggregate amount paid to executive officers in pension benefits may not exceed 70% of their compensation during their employment period, then 60% from their 70th birthday, capped at €370,000.

The percentage has been reduced to 50% for executives appointed after July 1, 2004, such as Mr Mettling. Mr Pérol belongs to the defined-contribution supplementary pension plan open to all BFBP staff.

(3) Refer to the above section on "deferred compensation programs of executive directors of Banque Fédérale des Banques Populaires".

2.5.1.4 ACTIVITY OF BFBP'S BOARD OF DIRECTORS

On February 25, 2009, the Board of Directors of Banque Fédérale des Banques Populaires (BFBP), chaired by Philippe Dupont, took the following decisions, effective from March 2, 2009:

- to split the roles of Chairman and Chief Executive Officer, with Philippe Dupont remaining Chairman of the Board of Directors from that date;
- to terminate Bruno Mettling's term of office as Deputy Chief Executive Officer;
- to appoint François Pérol as Chief Executive Officer for a term lasting until the effective creation of a new central body for the Banque Populaire banks and Caisses d'Epargne;
- to appoint, on the proposal of the Chief Executive Officer, Yvan de La Porte du Theil as Deputy Chief Executive Officer, for an undefined term.

On March 16, 2009, the Board of Directors noted the resignation of Yvan de La Porte du Theil from his position as director, and co-opted in his place François-Xavier de Fornel until the Shareholders' Meeting convened to vote on the 2010 financial statements.

On May 14, 2009, the Board of Directors met at the end of the Shareholders Meeting. The Board:

- noted the resignation of Stève Gentili and co-opted Gérard Bellemon until the Shareholders' Meeting convened to vote on the 2010 financial statements;
- noted the end of Jean-Claude Detilleux's term of office, resulting from the application of age limit provisions, and co-opted Jean-Louis Bancel until the Shareholders' Meeting convened to vote on the 2009 financial statements.

On July 31, 2009 at 9.30am, the Board of Directors of Banque Fédérale des Banques Populaires, chaired by Philippe Dupont, met. The Board:

- confirmed François Pérol's appointment as Chief Executive Officer;
- noted the termination of Yvan de La Porte du Theil's term of office and appointed Nicolas Duhamel as Deputy Chief Executive Officer, on the proposal of François Pérol.

The merger between the central bodies of the Banque Populaire banks and Caisses d'Epargne, through partial transfers of assets to the new joint central body, became final on the evening of July 31, 2009, after it had been ascertained that the conditions precedent to the transaction had been fulfilled. As a result, Banque Fédérale des Banques Populaires became Banques Populaires Participations (BP Participations), a holding company for equity interests not transferred to BPCE.

A/ Role and operating procedures of the Board of Directors

The following description of the role and operating procedures of BFBP's Board of Directors deals only with adjustments to its organization and the main work it carried out in the first half of 2009. As regards information relating to general operating procedures, please refer to Groupe Banque Populaire's 2008 reference document, available on the *www.bpce.fr* website under "Investor relations", filed with the AMF on April 24, 2008 under number D. 08-0288.

Roles of Chairman and Chief Executive Officer

The Shareholders' Meeting of May 14, 2009 made the following amendments to paragraphs II and III of Article 17 of the bylaws relating to the Chairman and Chief Executive Officer:

II - The Board of Directors shall decide, in accordance with Article 16 of these bylaws, whether the role of CEO is taken by the Chairman of the Board or by another individual, either a director or otherwise.

Shareholders and third parties shall be informed of this decision in accordance with the laws and regulations in force.

Where the role of CEO is performed by the Chairman of the Board, the following provisions relating to the CEO shall apply to that person.

The CEO has the widest powers to act under all circumstances in the company's name. The CEO shall use these powers within the limits of the corporate object, and subject to powers expressly attributed by law or by these bylaws to Shareholders' Meetings and to the Board of Directors.

The age limit for the CEO has been set at 65.

III - On the proposal of the CEO, the Board of Directors may appoint up to five Deputy CEOs to assist the CEO. A Deputy CEO must be a natural person. A Deputy CEO may be selected from among the directors or elsewhere.

In agreement with the CEO, the Board of Directors shall determine the extent and duration of a Deputy CEO's powers, which may not exceed the extent or duration of the CEO's powers.

Deputy CEOs may not remain in their role after their 65th birthday.

Records of meetings – minutes – copies – excerpts

(...) Copies or excerpts from the minutes of the meetings may be duly certified by the Chairman of the Board of Directors, the Chief Executive Officer or a specially authorized representative.

Organization of the Board of Directors' work

In the first half of 2009, the Board of Directors met nine times. The absence of a member of the Board is an unusual event, since the attendance rate stood at 98% during the period.

Main work done by the Board of Directors

In the first half of 2009, the Board's work focused mainly on the planned merger between Banque Fédérale des Banques Populaires (BFBP) and Caisse Nationale des Caisses d'Epargne (CNCE), and on the creation of the new joint central body. Work included updates on negotiations, strategic and financial issues, arrangements relating to the recapitalization and government aid, governance, the duties of the Chairman, the approval of the memorandum of understanding relating to the transaction, the approval of the merger terms, and the convening of the July 31, 2009 Shareholders' Meeting.

Two Board meetings (February 17 and 24) were dedicated entirely to the merger.

The Board also took decisions on subjects related to this major transaction, such as changes to the ownership of certain subsidiaries, the sale of BFBP's stakes in certain regional banks to Banques Populaires, and shareholder advances to BFBP.

In its February 25 meeting, the Board closed the accounts for 2008, and in its May 13 meeting it closed the accounts for the first quarter of 2009. It also approved the Banque Populaire Chairmen and Chief Executive Officers, and appointed new members to the Board committees.

In its February 25 meeting, the Board altered the organization of BFBP's head management, separating the roles of Chairman and Chief Executive Officer. It unanimously appointed François Pérol as Chief Executive Officer and Yvan de La Porte du Theil as Deputy Chief Executive Officer.

The Remuneration committee reported to the Board regarding its work on March 16, 2009, and the BFBP/Group Risk Management committee did likewise on January 21 and June 24. The Board heard the Audit committee on February 25.

Strategic matters such as the Ambition 2012 plan, the creation of Natixis Algérie and the financing of IT projects within the Groupe Banque Populaire were also put to the Board.

B/ Consultation committees

The following description of the roles and operating procedures of the Board committees deals only with the main work they carried out in the first half of 2009.

As regards information relating to general operating procedures, please refer to Groupe Banque Populaire's 2008 registration document, available on the *www.bpce.fr* website under "Investor relations", filed with the AMF on April 28, 2008 under number D. 08-0288.

Audit committee

In the first half of 2009, the Audit committee met once, on February 24, 2009, to analyze the parent-company and consolidated financial statements for the period ended December 31, 2009.

The Audit committee consists of four directors (two Chairmen and two Chief Executive Officers of the Banque Populaire banks). The February 24, 2009 meeting was attended by Yvan de La Porte du Theil (Chairman), Jean Clochet (member) and Pierre Deloumel (member), and Pierre Desvergnes (member) sent his apologies.

Remuneration committee

While waiting for the organization of the future central institution to be determined, and for the remuneration of executives to be set as a result, the Remuneration committee met on March 6, 2009 to make recommendations relating to the remuneration of BFBP's head management on a transitional basis. The transitional period started on March 6, 2009 and ended on July 31, 2009, when the central body was created. Recommendations related to the annual remuneration of Philippe Dupont, Chairman of BFBP (€400,000 gross per year) and François Pérol (€550,000 gross per year, paid 50% by BFBP and 50% by CNCE), to occupational benefits, early retirement and retirement plans applicable to the managers of the central body, and to the remuneration of Yvan de La Porte du Theil (additional gross remuneration of €150,000 per year on top of remuneration received as CEO of Banque Populaire Val de France). The recommendations were adopted by BFBP's Board of Directors on March 16, 2009. All this remuneration is set out in section 2.5.1.3 of this chapter.

On March 30, 2009, the Remuneration committee of the Groupe Banque Populaire, chaired by Philippe Dupont, met to review the remuneration of Banque Populaire executives, in accordance with its remit.

After examining the effective remuneration of the Banque Populaire executive directors, paid in 2008, recommendations for the current year were made. These were passed on to the Banque Populaire executives for approval by their respective Remuneration committees and Boards of Directors.

Cooperative committee

The Cooperative committee met once in the first half of 2009, and was chaired by Pierre Deloumel. In the meeting, there was a presentation of work done by the "cooperative-shareholder and cooperation" working group, focusing on how consistent the Group's cooperative message is with its cooperative practice and principles.

The committee also heard two experts who had been approached to take part in the national member-shareholder and cooperation meeting in Nancy (June 3, 2009), regarding the identification and valuation of intangible capital, which is a major strategic issue for the banking sector and cooperative banks in particular.

CARG (Groupe Banque Populaire Risk Management committee)

In the first seven months of 2009, the Risk Management committee met twice with respect to Banque Fédérale des Banques Populaires and the Groupe Banque Populaire:

- March: to examine the plan to adjust the system of asset-liability, interest-rate and liquidity risk limits and the updating of the asset-liability risk reference base, to examine draft replies to follow-up letters from the *Commission bancaire* and to make a decision about the Groupe Banque Populaire's audit standards;
- May: to examine the annual internal control report published by Banque Fédérale des Banques Populaires and the Groupe Banque Populaire in 2008 and to make a decision about risk thresholds to be set in accordance with Article 17 ter of Regulation 97-02 as amended.

Composition of Consultation committees

Committee	Chairman	Members	Number of meetings in 2009
Group Risk Management committee	**First half 2009:** Philippe DUPONT (until March 16, 2009) Jean CLOCHET (from March 16, 2009)	Jean CLOCHET Jacques HAUSLER Bernard JEANNIN François MOUTTE (from March 16, 2009) Christian du PAYRAT Stève GENTILI (until May 14, 2009) Jean DESVERGNES (from May 14, 2009) Gonzague de VILLÈLE Jean-Yves FOREL (from March 16, 2009) Yvan de La PORTE du THEIL (until March 16, 2009)	**6 CRCG**
BFBP Risk Management committee	**First half 2009:** Jean CLOCHET	Jean CLOCHET Christian du PAYRAT François MOUTTE Gonzague de VILLÈLE	**2 CARG**
Audit committee	**First half 2009:** Yvan de La PORTE du THEIL (until March 16, 2009) Bernard JEANNIN (from March 16, 2009)	Pierre DELOURMEL Pierre DESVERGNES Bernard JEANNIN François MOUTTE (from March 16, 2009) Yvan de La PORTE du THEIL (until March 16, 2009)	**1**
Remuneration committee	**First half 2009:** Jean CLOCHET	Jean CLOCHE Stève GENTILI (until May 14, 2009) Jacques HAUSLER (since March 16, 2009) Bernard JEANNIN Pierre DESVERGNES (from May 14, 2009) Yvan de La PORTE du THEIL (until March 16, 2009)	**2**
Cooperative committee	**First half 2009:** Pierre DELOURMEL	Thierry CAHN Jean-Pierre DETILLEUX Jacques HAUSLER Bernard JEANNIN	**1**

2.5.2 Summary of the activity of CNCE's Supervisory Board

The Supervisory Board has examined the compliance of CNCE's corporate governance with the AFEP-MEDEF recommendations, particularly those of October 6, 2008 relating to the remuneration of executive officers.

The Board noted that these recommendations, most of which have already been implemented by CNCE, form part of the company's corporate governance approach. As a result, the Board decided, in its February 26, 2009 meeting, that CNCE would refer to the AFEP-MEDEF Corporate Governance Code in preparing this report, as specified by Article L. 225-68 of the Code de Commerce.

The Supervisory Board did not take into account provisions relating to the representation of minority shareholders, which do not apply to CNCE, or those relating to independent status, which it treats in a particular manner in order to take account of the Group's mutual principles. Other provisions were not regarded as relevant in view of CNCE's operating procedures and the composition of its Board, *i.e.* terms of office and the staggered renewal of Board members, their ownership of a material number of shares and provisions relating to their membership of a company's committees where the directors of that company are already members of the committees of their own company.

2.5.2.1 COMPOSITION AND ACTIVITY OF CNCE'S SUPERVISORY BOARD

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

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 January 1, 2009, 15 representatives of the Groupe Caisse d'Epargne and two representatives of the employees of the Caisse d'Epargne network.

From January 1 to May 28, 2009

	Business address	First appointed	Term of office ends in
Yves HUBERT – Chairman (Chairman of the Picardie Steering and Supervisory Board)	2, boulevard Jules Verne 80064 Amiens Cedex 9	01/01/2004	2009
Bernard COMOLET – Vice-Chairman (from February 24, 2009) (Chairman of the Île-de-France Management Board)	19, rue du Louvre BP 94 – 75021 PARIS Cedex 01	01/01/2004	
Catherine AMIN-GARDE (Chairman of the Loire Drôme Ardèche Steering and Supervisory Board)	Espace Fauriel – BP 147 – 17, rue des Frères Ponchardier – 42012 Saint-Étienne Cedex 2	11/16/2006	2009
François AUDIBERT (Chairman of the Aquitaine Poitou Charentes Management Board)	61, rue du Château d'Eau 33076 Bordeaux Cedex	12/20/2007	2009
Jean-Marc CARCELES (Chairman of the Languedoc-Roussillon Management Board)	254, rue M. Teule 34184 Montpellier Cedex 4	03/07/2007	2009
Dominique COURTIN (Chairman of the Bretagne-Pays de Loire Steering and Supervisory Board)	2, place Graslin 44911 Nantes Cedex 9	10/21/2004	2009
Jean-Pierre DERAMECOURT (Chairman of the Alsace Management Board)	1, Route du Rhin 67100 Strasbourg	12/20/2007	2009
Bruno DUGELAY (Chairman of the Côte d'Azur Steering and Supervisory Board)	455, promenade des Anglais BP 3297 – 06205 Nice Cedex 3	03/07/2007	2009
Éric GRIMONPREZ (Chairman of the Nord France Europe Steering and Supervisory Board)	135, pont de Flandres 59777 Euralille	12/20/2007	2009
Jean LEVALLOIS (Chairman of the Normandie Steering and Supervisory Board)	43 bis, rue Jeanne d'Arc 76000 Rouen	01/01/2004	2009
Alain MAIRE (Chairman of the Bourgogne Franche-Comté Management Board)	1, rond-point de la Nation 21000 Dijon	11/16/2006	2009
Benoît MERCIER (Chairman of the Lorraine Champagne Ardenne Management Board)	2, rue Royale 57000 Metz Cedex 1	07/05/2007	2009
Jean-François PAILLISSE (Chairman of the Loire Centre Management Board)	7, rue d'Escures 45000 Orléans	03/07/2007	2009
Bernard SIROL (Chairman of the Midi-Pyrénées Steering and Supervisory Board)	42, rue du Languedoc 31002 Toulouse	01/01/2004	2009
Michel SORBIER (Chairman of the Auvergne Limousin Steering and Supervisory Board)	63, rue Montlosier 63961 Clermont-Ferrand Cedex 9	03/26/2008	2009
Yves TOUBLANC (Chairman of the Rhône Alpes Steering and Supervisory Board)	42, bd Eugène Deruelle BP 3276 – 69404 Lyon Cedex 3	11/16/2006	2009
Serge HUBER/SU UNSA (Representative of employees of the Caisse d'Epargne network)	Syndicat Unifié 15, rue Gérard Berthault – 37000 Tours	01/01/2004	2009
Jacques MOREAU/SNE CGC (Representative of employees of the Caisse d'Epargne network)	SNE CGC – Caisse d'Epargne Île-de-France – 7, rue Mornay – 75004 PARIS	01/01/2004	2009

Non-voting directors

Natixis (non-voting director as of right), represented by Pierre SERVANT

Joël BOURDIN

Jean-Marc ESPALIOUX

Nicole MOREAU

Henri PROGLIO

Representatives of the Work Council:

Abdel BABACI

Philippe MALIZIA

Jean-Luc DEBARRE

Pierre-Éric RANDRIANARISOA

On February 26, 2009, CNCE's Supervisory Board, chaired by Yves Hubert, noted the resignation of Bernard Comolet, terminating his term of office as a member of the Management Board and his role as Chairman of the Management Board.

The Board also noted that, on his resignation as Chairman of CNCE's Management Board, Mr Comolet resumed his role as a full member of the Supervisory Board and Vice-Chairman of the Supervisory Board.

On February 26, 2009, the Supervisory Board appointed François Pérol as a member of the Management Board, to fill the vacancy left by Bernard Comolet's resignation, with effect from March 2, 2009 for the remaining term of office until the renewal of the Management Board, and appointed him Chairman of the Management Board with effect from March 2, 2009.

From March 2, 2009, CNCE's Management Board consisted of the following members:

François PÉROL – Chairman of the Management Board (appointed 03/02/2009)

Alain LEMAIRE – Chief Executive Officer / Member of the Management Board (appointed 10/19/2008)

Guy COTRET – Member of the Management Board (appointed 01/01/2004)

Alain LACROIX – Member of the Management Board (appointed 09/29/2006 – term of office ended 06/01/2009)

After the expiry of all the terms of office of Supervisory Board members, the Shareholders' Meeting of May 28, 2009, convened to approve CNCE's 2008 financial statements, decided:

- to set the number of Supervisory Board members at 19;
- to appoint new members for a six-year term expiring at the end of the Shareholders' Meeting convened to approve the financial statements for the period ended December 31, 2014;
- to appoint new non-voting directors.

On the same day, the Supervisory Board met at the end of the Shareholders' Meeting and appointed:

- Yves TOUBLANC as Chairman of CNCE's Supervisory Board, for the duration of his term of office as a member of the Board;
- Bernard COMOLET as Vice-Chairman of CNCE's Supervisory Board, for the duration of his term of office as a member of the Board.

From May 28 to July 31, 2009

	Business address	First appointed	Term of office ends in
Yves TOUBLANC – Chairman (Chairman of the Rhône Alpes Steering and Supervisory Board)	42, bd Eugène Deruelle BP 3276 – 69404 Lyon Cedex 3	11/16/2006	2015
Bernard COMOLET – Vice-Chairman (Chairman of the Île-de-France Management Board)	19, rue du Louvre BP 94 – 75021 PARIS Cedex 01	01/01/2004	2015
Jean ARONDEL (Chairman of the Loire-Centre Steering and Supervisory Board)	7, rue d'Escures 45000 Orléans	05/28/2009	2015
Jean-Charles BOULANGER (Chairman of the Aquitaine Poitou Charentes Steering and Supervisory Board)	61, rue du Château d'Eau 33076 Bordeaux Cedex	05/28/2009	2015
Maurice BOURRIGAUD (Chairman of the Auvergne Limousin Management Board)	63, rue Montlosier 63961 Clermont-Ferrand Cedex 9	05/28/2009	2015
Jean-Claude CETTE (Chairman of the Provence Alpes Corse Steering and Supervisory Board)	Place Estrangin Pastré BP 108 – 13254 Marseille Cedex 6	05/28/2009	2015
Joël CHASSARD (Chairman of the Normandie Management Board)	43 bis, rue Jeanne d'Arc 76000 Rouen	05/28/2009	2015
Alain DENIZOT (Chairman of the Picardie Management Board)	2, bd Jules Verne 80064 Amiens Cedex 9	05/28/2009	2015
Jean-Pierre DERAMECOURT (Chairman of the Alsace Management Board)	1, Route du Rhin 67100 Strasbourg	12/20/2007	2015
Francis HENRY (Chairman of the Lorraine Champagne-Ardenne Steering and Supervisory Board)	2, rue Royale 57000 Metz Cedex 1	05/28/2009	2015
Philippe LAMBLIN (Chairman of the Nord France Europe Steering and Supervisory Board)	135, pont de Flandres 59777 Euralille	05/28/2009	2015
Pierre MACKIEWICZ (Chairman of the Côte d'Azur Steering and Supervisory Board)	455, promenade des Anglais BP 3297 – 06205 Nice Cedex 3	05/28/2009	2015
Alain MAIRE (Chairman of the Bourgogne Franche-Comté Management Board)	1, rond-point de la Nation 21000 Dijon	11/16/2006	2015
Philippe MONETA (Chairman of the Loire Drôme Ardèche Management Board)	Espace Fauriel – BP 147 – 17, rue des Frères Ponchardier – 42012 Saint-Étienne Cedex 2	05/28/2009	2015
Didier PATAULT (Chairman of the Bretagne-Pays de Loire Management Board)	2, place Graslin 44911 Nantes Cedex 9	05/28/2009	2015
Bernard ROUX (Chairman of the Midi-Pyrénées Steering and Supervisory Board)	42, rue du Languedoc 31002 Toulouse	05/28/2009	2015
Pierre VALENTIN (Chairman of the Languedoc Roussillon Steering and Supervisory Board)	254, rue M. Teule 34184 Montpellier Cedex 4	05/28/2009	2015
Claude LEROUGE / SNE CGC (Representative of employees of the Caisse d'Epargne network)	SNE CGC – Caisse d'Epargne Île-de-France – 7, rue Mornay – 75004 PARIS	05/12/2009	2015
Michel RICARD / SU UNSA (Representative of employees of the Caisse d'Epargne network)	Comité de groupe 24, rue Dareau – 75014 PARIS	05/12/2009	2015

Non-voting directors:

Natixis (non-voting director as of right), represented by Pierre SERVANT

Joël BOURDIN

Jean-Marc ESPALIOUX

Henri PROGLIO

Michel SORBIER

Representatives of the Work Council:

Abdel BABACI

Philippe MALIZIA

Jean-Luc DEBARRE

Pierre-Éric RANDRIANARISOA

At 11am on July 31, 2009, the Board of Directors of Caisses d'Epargne Participations (the new name for CNCE) held its first meeting, chaired by François Pérol. In the meeting, it was reiterated that the Shareholders' Meeting held the same day had noted that, as the company no longer had a Management Board and a Supervisory Board but was instead governed by a Board of Directors, the functions of all Supervisory Board and Management Board members and non-voting directors had to be terminated. The meeting then appointed the members of the newly constituted Board of Directors (see list above). The Board of Directors took the following decisions:

- appointment of the Chairman of the Board of Directors: Yves Toublanc was appointed Chairman of the Board of Directors for his entire term of office as director;
- separation of the roles of Chairman and Chief Executive Officer;
- appointment of the Chief Executive Officer: François Pérol was appointed Chief Executive Officer for his entire term of office as director;
- appointment of the Deputy Chief Executive Officer: Nicolas Duhamel was appointed Deputy Chief Executive Officer for a term of 4 years expiring at the end of the Shareholders' Meeting convened to approve the financial statements for the period ended December 31, 2012.

The merger between the central bodies of the Banque Populaire banks and Caisses d'Epargne, through partial transfers of assets to the new joint central body, became final on the evening of July 31, 2009, after it had been ascertained that the conditions precedent to the transaction had been fulfilled.

As a result, Caisse Nationale des Caisses d'Epargne et de Prévoyance became Caisses d'Epargne Participations (CE Participations), a holding company for equity interests not transferred to BPCE.

A/ Role and operating procedures of the Supervisory Board

The following description of the role and operating procedures of CNCE's Supervisory Board deals only with adjustments to its organization and the main work it carried out in the first half of 2009.

As regards information relating to general operating procedures, please refer to Groupe Caisse d'Epargne 2008 registration document, available on the *www.bpce.fr* website under "Investor relations", filed with the AMF on April 8, 2009 under number D. 09-0212.

Appointment of Supervisory Board members

The Shareholders' Meeting of March 31, 2009 resolved to amend Article 24 of the bylaws relating to incompatibilities and prohibitions as follows:

"**Incompatibilities – Prohibitions:** The performance of a Supervisory Board member's duties must not be incompatible with the performance of certain public or professional duties by the person concerned. No person may be appointed, or may remain, a Supervisory Board member if that person has been convicted of any offence with the result that the person is barred from being a manager or a director of any company. A person who has been a member of the company's Management Board, **for a period of more than one year**, may not be appointed a member of the Supervisory Board during a period of three years following the end of the person's Management Board duties."

The March 31, 2009 Shareholders' Meeting also resolved to amend Article 26 of the bylaws, relating to the election of employees representing the Caisse d'Epargne network, as follows:

"**Voting:** Any voter may vote either by letter sent to the company, or in the provided voting offices, or through any electronic voting method."

Organization of the Supervisory Board's work

In the first half of 2009, the Supervisory Board met ten times, including one extraordinary meeting. The attendance rate was 97.05%.

Main work done by the Supervisory Board

In addition to issues routinely discussed (business activities, quarterly Management Board reports, regulated agreements, approval of executives and various items presented for information purposes), the main issues dealt with at Supervisory Board meetings in the first quarter of 2009 were as follows:

INTERNAL OPERATING PROCEDURES OF THE SUPERVISORY BOARD - GOVERNANCE

- Chairman's report on the work of the Supervisory Board and on the internal control procedures for the year ended December 31, 2008;
- Corporate Governance Code;
- variable pay – 2009 targets for Management Board members;
- affiliation to GSC (which provides unemployment coverage for business owners and executives).

FINANCE

- presentation of the individual and consolidated financial statements for 2008;
- presentation of the CNCE and Group quarterly financial statements for 2009;
- review of the financial consequences arising from the deregulated distribution of *Livret A* savings accounts;
- breakdown of the remuneration of collateral.

COMPLIANCE – RISKS

- report on risk measurement (Article 43 of CRBF Regulation 97-02);
- interaction with the *Commission bancaire*;
- annual report on internal control operating procedures (Article 42 of CRBF Regulation 97-02);
- criteria and thresholds of incidents covered by internal control procedures within Group entities (Article 17 *ter* of CRBF Regulation 97-02).

STRATEGY

- monitoring of the planned merger between CNCE and BFBP (valuing transferred assets, strategy and organization of the new group, conditions for government intervention, implementation of the merger, governance of the new central body, draft legislation, memorandum of understanding, asset transfer treaty, etc.);
- acquisition by CNCE of Nexity's stake in CFF;
- authorization of the additional purchase of Natixis shares;
- shareholder advances to Meilleurtaux (*via* Oterom Holding);
- capital increase for GCE Covered Bonds (subscription of the capital increase and arrangement of a redeemable fixed-term subordinated loan);
- disposal of Holassure shares;
- system for protecting segregated Natixis assets;

- transfer of CNCE's major corporate clients to Banque Palatine.

CNCE'S RESPONSIBILITIES AS CENTRAL BODY AND HEAD OF THE NETWORK

- presentation of the Ombudsman's report;
- appointment of members of the Management Board, the Chairman and Vice-Chairman of the Board, preparation of Ordinary and Extraordinary Shareholders' Meetings;
- authorization of managers of affiliated institutions.

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

B/ Consultation committees

The membership and operating procedures of the Risk Management committee, the Remuneration & Selection committee and the Strategy & Development committee are specified by the bylaws, supplemented by the internal rules adopted by the Supervisory Board on March 21, 2007. For more information, please refer to Caisse d'Epargne Group's 2008 reference document, available on the *www.bpce.fr* website under "Investor relations", filed with the AMF on April 8, 2009 under number D. 09-0212.

Risk Management committee

The Risk Management committee met 9 times in the first half of 2009. The average attendance rate at meetings was 100%.

The committee's members are Jean-François Paillissé (Chairman), Dominique Courtin, Jean-Pierre Deramecourt, Éric Grimonprez, Benoît Mercier and Yves Toublanc.

After the expiry of all the terms of office of Supervisory Board members, the Shareholders' Meeting of May 28, 2009 appointed new members to the Supervisory Board.

Given work done on the combination between Caisses d'Epargne and Banque Populaire banks, only the Risk Management committee needed to be set up urgently, in the view of the new Supervisory Board. On May 28, 2009, the Supervisory Board created a new Risk Management committee consisting of 6 members, of whom 3 were Steering and Supervisory Board Chairmen and 3 were Management Board Chairmen: Jean-Charles Boulanger, Pierre Mackiewicz and Pierre Valentin (Steering and Supervisory Board Chairmen) and Joël Chassard, Alain Denizot and Jean-Pierre Deramecourt (Management Board Chairmen).

The Board appointed Jean-Pierre Deramecourt as the Risk Management committee's Chairman.

The Risk Management 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 ensures the quality of information provided to shareholders and, more generally, performs the duties set out in CRBF Regulation 97-02 of February 21, 1997 relating to the internal control of credit institutions and investment companies, as amended by regulations 2001-01 of June 26, 2001 and 2004-02 of January 15, 2004. All of its powers are listed in the Groupe Caisse d'Epargne 2008 registration document, available online at *www.bpce.fr,* in the "Investor Relations/Financial Results/Registration Documents" section.

The main issues dealt with by the Risk Management committee in the first quarter of 2009 were as follows:

INTERNAL OPERATING PROCEDURES

- Chairman's report on the work of the Supervisory Board and on the internal control procedures for the year ended December 31, 2008;
- annual report on the operation of the internal control system and report on risk management in 2008, as required under Articles 42 and 43 of CRBF Regulation 97-02 as amended;
- quarterly examination of Internal Audit's work and 2009 budget.

FINANCE

- parent-company and consolidated financial statements for the year ended December 31, 2008;
- 2009 quarterly financial statements;
- review of the financial consequences arising from the deregulated distribution of *Livret A* savings accounts;
- breakdown of the remuneration of collateral.

COMPLIANCE – RISKS

- quarterly risk and compliance monitoring;
- examination of conclusions arising from internal audits (quarterly reports and approval of the annual audit plan);
- progress with the Basel II project;
- running-down of proprietary activities;
- interaction with the *Commission bancaire*;
- criteria and thresholds of incidents covered by internal control procedures within Group entities (Article 17 *ter* of CRBF Regulation 97-02);
- ALM risk management.

STRATEGY

- monitoring of the planned merger between CNCE and BFBP (valuing transferred assets, strategy and organization of the new group, conditions for government intervention, implementation of the merger, governance of the new central body, draft legislation, memorandum of understanding, asset transfer treaty, etc.);
- acquisition by CNCE of Nexity's stake in CFF;
- authorization of the additional purchase of Natixis shares;
- shareholder advances to Meilleurtaux (*via* Oterom Holding);
- capital increase for GCE Covered Bonds (subscription of the capital increase and arrangement of a redeemable fixed-term subordinated loan);
- system for protecting segregated Natixis assets;
- transfer of CNCE's major corporate clients to Banque Palatine.

Remuneration committee

The Remuneration committee met 4 times in the first half of 2009. The average attendance rate at committee meetings was 83.33%.

The committee's members are selected for their expertise and professional experience.

Its members are Yves Hubert (Chairman), Bruno Dugelay, Jean Levallois, Bernard Sirol, Michel Sorbier and Henri Proglio. After the expiry of all the terms of office of Supervisory Board members, the Shareholders' Meeting of May 28, 2009 appointed new members to the Supervisory Board. However, given work done on the combination between Caisses d'Epargne and Banque Populaire banks, only the Risk Management committee was set up by the new Supervisory Board. The Remuneration committee prepares decisions of the CNCE Supervisory Board on the following topics: remuneration and selection arrangements. For more details, please refer to the Groupe Caisse d'Epargne 2008 registration document, available online at *www.bpce.fr,* in the "Investor Relations / Financial Results / Registration Documents" section.

The main issues dealt with by the Remuneration & Selection committee in the first half of 2009 were as follows:

- authorizations;
- Corporate Governance Code;
- implementation of the TEPA act;
- variable pay in 2008 (CNCE and Caisses d'Epargne) and 2009 targets;
- unemployment-benefit insurance for executives;
- remuneration of the Chairman of the Management Board.

Strategy & Development committee

The Strategy & Development committee did not meet in the first half of 2009.

The committee consists of Bruno Dugelay (Chairman), Catherine Amin-Garde, François Audibert, Jean-Marc Carcélès, Yves Hubert and Alain Maire.

After the expiry of all the terms of office of Supervisory Board members, the Shareholders' Meeting of May 28, 2009 appointed new members to the Supervisory Board. However, given work done on the Caisse d'Epargne / Banque Populaire merger, only the Risk Management committee was set up by the new Supervisory Board.

The Strategy & Development committee prepares decisions made by the Supervisory Board in the following areas:

- setting of strategic objectives and growth priorities for the company, the Caisses d'Epargne et de Prévoyance, and their subsidiaries;
- preparation and revision of the strategic plan and projects relating to transactions and partnerships.

2.5.2.2 REMUNERATION AND BENEFITS RECEIVED BY BFBP EXECUTIVES AND EXECUTIVE DIRECTORS

A/ Remuneration, benefits in kind, loans, guarantees and attendance fees received by CNCE executive directors between January 1 and July 31, 2009

Summary of remuneration, options and shares awarded to each executive director

(TABLE 1)

		2009	2008
François PÉROL	Remuneration due in respect of the period (table 2)	€116,728.40	N/A
	Value of options granted (table 4)	€0	€0
	Value of performance shares awarded (table 6)	€0	€0
Alain LEMAIRE	Remuneration due in respect of the period (table 2)	€225,000	€128,478.36
	Value of options granted (table 4)	€0	€0
	Value of performance shares awarded (table 6)	€0	€0
Guy COTRET	Remuneration due in respect of the period (table 2)	€526,927	€755,491.08
	Value of options granted (table 4)	€0	€0
	Value of performance shares awarded (table 6)	€0	€0
Alain LACROIX	Remuneration due in respect of the period (table 2)	€387,434	€569,134
	Value of options granted (table 4)	€0	€0
	Value of performance shares awarded (table 6)	€0	€0

Summary of remuneration paid to the Chairman of the Management Board (between March 2 and July 31, 2009)

(TABLE 2)

	2009		2008	
François PÉROL	Amount due(1)	Amount paid(2)	Amount due(1)	Amount paid(2)
Fixed pay	/	/	/	/
Executive directorship	€114,583.40	€114,583.40	N/A	N/A
Variable pay (with respect to year n-1)	N/A	N/A	N/A	N/A
Exceptional pay	/	€0	N/A	N/A
Attendance fees	€0	N/A	N/A	N/A
Other remuneration related to attendance fees	/	/	N/A	N/A
Benefits in kind (company car, housing and other benefits)	€2,145	€2,145	N/A	N/A
TOTAL	**€116,728.40**	**€116,728.40**	**N/A**	**N/A**

(1) Remuneration awarded to executive directors for positions held during the year, regardless of the date of payment.
(2) All remuneration actually paid to the executive director for positions held during the year.

Summary of remuneration paid to Chief Executive Officer and Management Board member (from January 1 to July 31, 2009)

	2009		2008	
Alain LEMAIRE	Amount due(1)	Amount paid(2)	Amount due(1)	Amount paid(2)
Fixed pay	/	/	/	/
Executive directorship	€222,200	€222,200	€73,236.36	€73,236.36
Variable pay (with respect to year n-1)	waived	waived	N/A	N/A
Exceptional pay	/	0.00	/	€0
Attendance fees	(3)	(3)	€54,842	€31,208
Other remuneration related to attendance fees	/	/	/	/
Benefits in kind (company car, housing and other benefits)	€2,800	€2,800	€400	€400
TOTAL	**€225,000**	**€225,000**	**€128,478.36**	**€104,844.36**

(1) Remuneration awarded to executive directors for positions held during the year, regardless of the date of payment.
(2) All remuneration actually paid to the executive director for positions held during the year.
(3) Information relating to attendance fees received by Mr Lemaire for 2009 can be found in the BPCE section.

Summary of remuneration paid to Management Board member (from January 1 to July 31, 2009)

	2009		2008	
Guy COTRET	Amount due(1)	Amount paid(2)	Amount due(1)	Amount paid(2)
Fixed pay	€360,000	€209,335.56	€360,000	€358,860.96
Executive directorship	€40,000	€23,333.38	€40,000.08	€40,000.08
Variable pay (with respect to year n-1)	waived	waived	€200,000	€200,000
Exceptional pay	/	€0	/	€0
Attendance fees	€123,574	€133,515	€149,743	€142,554
Other remuneration related to attendance fees	/	/	/	/
Benefits in kind (company car, housing and other benefits)	€3,353	€3,353	€5,748	€5,748
TOTAL	**€526,927**	**€369,536.94**	**€755,491.08**	**€747,163.04**

(1) Remuneration awarded to executive directors for positions held during the year, regardless of the date of payment.
(2) All remuneration actually paid to the executive director for positions held during the year.

Summary of remuneration paid to Management Board member (from January 1 to July 1, 2009)

	2009		2008	
Alain LACROIX	**Amount due(1)**	**Amount paid(2)**	**Amount due(1)**	**Amount paid(2)**
Fixed pay	€300,000	€126,797.55	€300,000	€304,314.12
Executive directorship	€30,000	€12,500	€30,000	€30,000
Variable pay (with respect to year n-1)	waived	waived	€165,000	€165,000
Exceptional pay	/	€40,000	/	€0
Attendance fees	€55,564	€70,555	€69,466	€66,275
Other remuneration related to attendance fees	/	/	/	/
Benefits in kind (company car, housing and other benefits)	€1,870	€1,870	€4,668	€4,668
TOTAL	**€387,434**	**€251,722.55**	**€569,134**	**€570,257.12**

(1) Remuneration awarded to executive directors for positions held during the year, regardless of the date of payment.
(2) All remuneration actually paid to the executive director for positions held during the year.

Rules for the awarding of attendance fees:

2008

Amounts due: attendance fees awarded for 2008 (paid in 2009)

Amounts paid: attendance fees paid in 2008 (for 2007)

2009

Amounts due: attendance fees awarded for 2009 (paid in 2010)

Amounts paid: attendance fees paid in 2009 (for 2008)

N/A: not applicable.

B/ Attendance fees and other remuneration received by executive directors of BFBP

Attendance fees and other remuneration received by non-executive directors between January 1 and July 31, 2009

(TABLE 3)

Table A: period from January 1 to May 28, 2009

Table B: period from May 28 to July 31, 2009

To avoid any overlap of information in the above tables:

* (1) Information relating to the four Board members whose terms of office were renewed by the May 28, 2009 Shareholders' Meeting is provided in table B.
* (2) "Other remuneration" received in 2009 by members of CNCE's Supervisory Board who became members of BPCE's Supervisory Board is stated in AMF table 2 in the BPCE section.

Attendance fees: amounts paid in 2008 and 2009 by CNCE to members of the Supervisory Board, as well as amounts due for the first half of 2009.

N/A: not applicable

ATTENDANCE FEES AND OTHER REMUNERATION RECEIVED BY NON-EXECUTIVE DIRECTORS OF CNCE FOR THE PERIOD BETWEEN JANUARY 1 AND MAY 28, 2009 (TABLE A)

	Amount paid during 2008 (with respect to 2007)	Amount paid during 2009 (with respect to 2008 + first half 2009)
Yves HUBERT (Chairman of the Board)		
CNCE attendance fees	€51,857.00	€75,607.00
Other remuneration (including Chairman's allowance)	€121,000.00	€39,333.00
Bernard COMOLET (Vice-Chairman of the Board from February 24, 2009)		
CNCE attendance fees	*(1)	*(1)
Other remuneration	*(1)	*(2)
Catherine AMIN-GARDE		
CNCE attendance fees	€26,456.00	€46,000.00
Other remuneration	€51,000.00	*(2)
François AUDIBERT		
CNCE attendance fees	€0.00	€40,000.00
Other remuneration	€7,800.00	€0.00
Jean-Marc CARCELES		
CNCE attendance fees	€22,918.00	€48,000.00
Other remuneration	€6,900.00	€18,700.00
Dominique COURTIN		
CNCE attendance fees	€39,122.00	€57,777.00
Other remuneration	€53,900.00	€0.00
Jean-Pierre DERAMECOURT		
CNCE attendance fees	*(1)	*(1)
Other remuneration	*(1)	*(1)
Bruno DUGELAY		
CNCE attendance fees	€28,347.00	€69,495.00
Other remuneration	€36,706.00	€0.00
Éric GRIMONPREZ		
CNCE attendance fees	€1,538.00	€57,889.00
Other remuneration	€40,674.00	N/A
Jean LEVALLOIS		
CNCE attendance fees	€36,000.00	€53,459.00
Other remuneration	€35,250.00	€0.00
Alain MAIRE		
CNCE attendance fees	*(1)	*(1)
Other remuneration	*(1)	*(1)

	Amount paid during 2008 (with respect to 2007)	Amount paid during 2009 (with respect to 2008 + first half 2009)
Benoît MERCIER		
CNCE attendance fees	€10,766.00	€48,667.00
Other remuneration	€23,400.00	€33,912.00
Jean-François PAILLISSE		
CNCE attendance fees	€27,584.00	€61,284.00
Other remuneration	€23,350.00	€53,600.00
Bernard SIROL		
CNCE attendance fees	€36,000.00	€36,000.00
Other remuneration	€35,500.00	€800.00
Michel SORBIER		
CNCE attendance fees	N/A	€52,062.00
Other remuneration	€79,595.00	€7,500.00
Yves TOUBLANC		
CNCE attendance fees	*(1)	*(1)
Other remuneration	*(1)	*(1)
Serge HUBER (representative of CEP network employees)		
CNCE attendance fees (paid to the Syndicat Unifié)	€16,918.00	€36,000.00
Other remuneration	€0.00	€0.00
Jacques MOREAU (representative of CEP network employees)		
CNCE attendance fees	€18,456.00	€36,000.00
Other remuneration	€0.00	€0.00
TOTAL	**€831,037.00**	**€875,685.00**

ATTENDANCE FEES AND OTHER REMUNERATION RECEIVED BY NON-EXECUTIVE DIRECTORS OF CNCE FOR THE PERIOD BETWEEN MAY 28 AND JULY 31, 2009 (TABLE B)

	Amount paid during 2008 (with respect to 2007)	Amount paid during 2009 (with respect to 2008 + first half 2009)
Yves TOUBLANC (Chairman of the Supervisory Board)		
CNCE attendance fees	€30,456.00	€66,666.62
Other remuneration (including Chairman allowance)	€52,578.00	€13,333.00
Bernard COMOLET (Vice-Chairman of the Supervisory Board)		
CNCE attendance fees	€35,416.00	€35,444.00
Other remuneration	€84,000.00	*(2)
Jean ARONDEL		
CNCE attendance fees	N/A	€4,000.00
Other remuneration	N/A	€0
Jean-Claude BOULANGER		
CNCE attendance fees	N/A	€9,333.31
Other remuneration	N/A	€6,300.00
Maurice BOURRIGAUD		
CNCE attendance fees	N/A	€4,000.00
Other remuneration	N/A	€18,800.00
Joël CHASSARD		
CNCE attendance fees	N/A	€9,333.31
Other remuneration	N/A	€17,625.00
Alain DENIZOT		
CNCE attendance fees	N/A	€9,333.31
Other remuneration	N/A	€5,000.00
Jean-Pierre DERAMECOURT		
CNCE attendance fees	€1,538.00	€58,583.26
Other remuneration	€0	€0
Francis HENRY		
CNCE attendance fees	N/A	€4,000.00
Other remuneration	N/A	*(2)
Philippe LAMBLIN		
CNCE attendance fees	N/A	€4,000.00
Other remuneration	N/A	€0
Pierre MACKIEWICZ		
CNCE attendance fees	N/A	€9,333.31
Other remuneration	N/A	*(2)

	Amount paid during 2008 (with respect to 2007)	Amount paid during 2009 (with respect to 2008 + first half 2009)
Alain MAIRE		
CNCE attendance fees	€24,000.00	€50,000.00
Other remuneration	€4,600.00	€9,650.00
Didier PATAULT		
CNCE attendance fees	N/A	€4,000.00
Other remuneration	N/A	*(2)
Bernard ROUX		
CNCE attendance fees	N/A	€4,000.00
Other remuneration	N/A	*(2)
Pierre VALENTIN		
CNCE attendance fees	N/A	€9,333.31
Other remuneration	N/A	*(2)
Michel RICARD (representative of CEP network employees)		
CNCE attendance fees	N/A	€4,000.00
Other remuneration	N/A	€0
Claude LEROUGE (representative of CEP network employees)		
CNCE attendance fees	N/A	€4,000.00
Other remuneration	N/A	€0
TOTAL	**€232,768.00**	**€362,468.43**

ATTENDANCE FEES RECEIVED BY NON-VOTING DIRECTORS ON CNCE'S SUPERVISORY BOARD IN THE FIRST HALF OF 2009

	Amount paid during 2008 (with respect to 2007)	Amount paid during 2009 (with respect to 2008 + first half 2009)
Natixis, represented by Pierre SERVANT		
CNCE attendance fees	€15,380.00	€35,777.00
Joël BOURDIN		
Attendance fees	€16,918.00	€35,777.00
Henri PROGLIO		
Attendance fees	€12,657.00	€27,427.00
Jean-Marc CARCELES		
CNCE attendance fees	€7,690.00	€34,444.00
Nicole MOREAU (Chairman of FNCE)		
Attendance fees	€20,000.00	€34,000.00
Michel SORBIER (Chairman of FNCE)		
Attendance fees	N/A	€4,000.00
TOTAL	**€57,265.00**	**€135,648.00**

Attendance fees: amounts paid in 2008 and 2009 by CNCE to members of the Supervisory Board, as well as amounts due for the first half of 2009.
N/A: not applicable

C/ Stock options

Stock options granted to executive directors in the first half of 2009

(TABLE 4)

Name of executive director	Grant date	Type of option	Value of options	Number of options granted	Strike price	Exercise period
No stock options were granted in the first half of 2009						

Stock options exercised by executive directors in the first half of 2009

(TABLE 5)

Name of executive director	No. and date of plan	Number of options exercised during the year	Strike price
No stock options were exercised in the first half of 2009			

Performance shares awarded to executive directors in the first half of 2009 (bonus shares related to performance criteria)

(TABLE 6)

Performance shares awarded by the Shareholders' Meeting	Number and date of plan	Number of shares granted	Value of shares	Vesting date	End of lock-up period	Performance conditions
No bonus shares were awarded to executive directors during the first half of 2009						

Performance shares vested in executive directors in the first half of 2009 (vesting of bonus shares related to performance criteria)

(TABLE 7)

Vesting of performance shares	No. and date of plan	Number of shares vested	Vesting conditions
No bonus shares vested in executive directors in the first half of 2009 (no bonus shares were awarded)			

Past grants of stock options and bonus shares

(TABLE 8)

Name of executive director	Grant date	Type of option	Number of options granted	Strike price after adjustment	Start of exercise period	Expiry date
2008: Individual waiver of stock options granted by Natixis in 2008						
2009: No stock options were granted or exercised in the first half of 2009						

> Bonus share awards

Natixis shares

Name of executive director	No. and date of plan	Number of shares awarded	Number of bonus shares awarded, after adjustment*	Value of shares based on the method used for the consolidated accounts	Vesting date	End of lock-up period
Guy COTRET	11/12/2007	60	93	€390.507	11/12/2009	11/14/2011
Alain LACROIX	11/12/2007	60	93	€390.507	11/12/2009	11/14/2011

* *After adjustment following the completion of the Natixis capital increase on September 30, 2008.*
Natixis shares were awarded free of charge to all the employees of the Natixis, Banque Populaire and Caisse d'Epargne groups during 2007.
Executive directors benefited from this bonus share plan under their employment contracts. Guy Cotret received bonus shares in Nexity for the same reason under his employment contract with Nexity.

Nexity shares

Name of executive director	Grant date	Number of shares awarded	Value of shares	Vesting period	Lock-up period	Comments
Guy COTRET (award relating to his employment contract as Deputy Chief Executive Officer of Nexity)	04/30/2008	8,000	/	2010	2 years	Waived in February 2009
2009: No award of bonus Nexity shares in the first half of 2009						

Stock options exercised by the ten non-executive director employees who exercised the most options
(TABLE 9)

Name of non-executive director employee	No. and date of plan	Number of options granted and exercised in the first half of 2009	Weighted average price
No stock options were granted to or exercised by a CNCE employee in the first half of 2009			

D/ Post-employment benefits: executive directors

(TABLE 10)

Name of executive director	Term of office		Employment contract	Supplementary pension plan	Remuneration or benefits due or potentially due as a result of termination or change in duties	Compensation relating to a non-compete clause
	Start	End				
François PÉROL(1) Chairman of the Management Board	03/02/2009	07/31/2009	NO	YES	YES	NO
Alain LEMAIRE Member of the Management Board / Chief Executive Officer	10/19/2008	07/31/2009	NO	YES	YES	NO
Guy COTRET Member of the Management Board	12/15/2009	07/31/2009	YES	YES	YES	NO
Alain LACROIX Member of the Management Board	09/29/2006	06/01/2009	YES	YES	YES	NO

(1) François Pérol only benefits from the former BFBP pension plan.

2.6 Chairman's report on the work of the Supervisory Board and on the internal control and risk management procedures for the year ended December 31, 2009

Dear shareholders,

In addition to the management report and in accordance with Article L. 225-68 of the French Commercial Code, this report contains information on:

- the conditions governing the preparation and organization of the Supervisory Board's work during the year ended December 31, 2009;
- internal control and risk management procedures adopted by BPCE;
- internal control procedures for the preparation and processing of accounting and financial information.

This report was completed under my authority on the basis of available documentation about internal control and risk management within the Group.

It was first submitted to the Risk Management committee on February 23, 2010, and was subsequently approved by the Supervisory Board on February 24, 2010.

The external auditors will issue a specific report, appended to their general report, containing their observations on internal control and risk management 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. 225-235 of the French Commercial Code.

2.6.1 Conditions governing the preparation and organization of the Supervisory Board's work

2.6.1.1 CORPORATE GOVERNANCE

The AFEP-MEDEF Corporate Governance Code of December 2008, including the October 2008 recommendations on executive pay, is the one to which BPCE referred in preparing this report, as set out in Article L. 225-68 of the French Commercial Code.

The only provisions not regarded as relevant in view of BPCE's operating procedures and the composition of its Board were as follows: terms of office and the staggered renewal of Board members, their ownership of a material number of shares and provisions relating to their membership of a company's committees where the directors of that company are already members of the committees of their own company.

Moreover, in accordance with the agreement signed with the French government on October 24, 2008 and in connection with the French government's economic recovery program, BPCE formally adheres to and implements the AFEP-MEDEF recommendations on directors' remuneration.

2.6.1.2 COMPOSITION OF THE SUPERVISORY BOARD

BPCE's Supervisory Board members took office on July 31, 2009, for a term of six years.

2.6.1.2.1 Principles

Pursuant to Article 21 of the bylaws, BPCE's Supervisory Board is made up of between 10 and 18 members. At July 31, 2009, it consisted of 7 representatives of category A shareholders, 7 representatives of category B shareholders and 4 representatives of category C shareholders, selected by the government, including 2 independent members within the meaning of the Corporate Governance Code for listed companies published by AFEP-MEDEF in December 2008.

The bylaws, in their current form, also specify that the following people may also attend Supervisory Board meetings, with no voting rights:

- representatives of the company's work council, pursuant to Article L. 2323-62 of the French Labor Code;
- one employee representative from the Banques Populaires network, elected by a single panel per the terms set out in Article 25.3 of BPCE's bylaws;
- one employee representative from the Caisses d'Epargne network, elected by a single panel per the terms set out in Article 25.3 of BPCE's bylaws.

2.6.1.2.2 Members

Philippe Dupont is the Chairman of the Supervisory Board. Mr Dupont, 58, was Chairman and CEO of Banque Fédérale des Banques Populaires since 1999, and Chairman of the Management Board of Natixis. Holding a first degree and a masters in management from Paris-Dauphine University, Mr Dupont was director of a commodities wholesaler for 12 years and then Chairman of the Board of Directors of BP ROP Banque Populaire (now Banque Populaire Val de France).

Yves Toublanc is Vice-Chairman of the Supervisory Board.

Mr Toublanc, 63, is a business school graduate and Chairman of the Steering and Supervisory Board of Caisse d'Epargne Rhône Alpes. He worked for many years in financial 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. In addition to the Chairman and Vice-Chairman, the Board consists of the following representatives of category A shareholders:

- Catherine Amin-Garde, Chairman of the Steering and Supervisory Board of Caisse d'Epargne Loire Drôme Ardèche;
- Bernard Comolet, Chairman of the Management Board of Caisse d'Epargne Île-de-France;
- Francis Henry, Chairman of the Steering and Supervisory Board of Caisse d'Epargne Lorraine Champagne-Ardenne;
- Pierre Mackiewicz, Chairman of the Steering and Supervisory Board of Caisse d'Epargne Côte d'Azur;
- Didier Patault, Chairman of the Management Board of Caisse d'Epargne Bretagne-Pays de Loire;
- Pierre Valentin, Chairman of the Steering and Supervisory Board of Caisse d'Epargne Languedoc-Roussillon.

The following category B shareholder representatives:

- Gérard Bellemon, Chairman of Banque Populaire Val de France;
- Thierry Cahn, Chairman of Banque Populaire d'Alsace;
- Jean Criton, Chief Executive Officer of Banque Populaire Rives de Paris;
- Pierre Desvergnes, Chairman of CASDEN Banque Populaire;
- Stève Gentili, Chairman of BRED Banque Populaire;
- Bernard Jeannin, Chief Executive Officer of Banque Populaire Bourgogne Franche-Comté.

And the following category C shareholder representatives:

- Laurence Danon, independent member, Chairman of Edmond de Rothschild Corporate Finance;
- Ramon Fernandez, Director-General of the Treasury and Economic Policy at the French Ministry for the Economy, Industry, and Employment;
- Marwan Lahoud, independent member, head of strategy and marketing and member of the Executive committee of EADS;
- Olivier Bourges, Deputy Chief Operating Officer of Agence des Participations de l'État, member of the Ministry for the Economy, Industry and Employment.

2.6.1.2.3 Non-voting directors

The Supervisory Board includes seven non-voting members acting in an advisory capacity.

In addition to Natixis, which is a non-voting director as of right (Article 28.1 of BPCE's bylaws) and represented by its Chief Executive Officer Laurent Mignon, shareholders in the July 31, 2009 Shareholders' Meeting temporarily appointed six non-voting members until the end of the integration period, as follows:

- three non-voting members appointed from among the candidates proposed by category A shareholders, per Article 31.1, paragraph 9 of BPCE's bylaws;

- three non-voting members appointed from among the candidates proposed by category B shareholders, per Article 31.1 paragraph 10 of BPCE's bylaws.

2.6.1.3 APPOINTMENT METHOD

During the company's life, and subject to co-opting, Supervisory Board members are appointed by shareholders in the Ordinary Shareholders' Meeting, as indicated in Article 21 of BPCE's bylaws, on a motion by A or B shareholders, depending on the category in question.

As for Supervisory Board appointed by category C shareholders, they are chosen from among the candidates appointed by the government. This right of appointment is specifically assigned to the government and cannot be transferred in any event.

Supervisory Board members hold office for a term of six years. A Supervisory Board member's duties come to an end after a meeting at which the ordinary shareholders have ruled on the financial statements for the past accounting period, held during the year in which his or her term expires. Board members may be re-elected subject to no limitations other than age-related limitations contained in the bylaws.

2.6.1.4 SUPERVISORY BOARD'S ROLE AND OPERATING PROCEDURES

2.6.1.4.1 Independence of members

In keeping with the corporate governance principles and best practice as set out in the Supervisory Board's Internal Rules, adopted on July 31, 2009, Supervisory Board members:

- take care to maintain their independence of judgment, decision and action in all circumstances. They avoid being influenced by anything that is contrary to the company's interests, which it is their duty to defend;
- undertake to avoid any conflict that may exist between their moral and material interests and those of the company. They inform the Supervisory Board of any conflict of interest that may affect them. In the event of any conflict of interest, they abstain from all debate and decisions on the matters concerned.

The Supervisory Board and each of its committees includes elected or co-opted independent members. The definition below is based on the Corporate Governance Code for listed companies published in December 2008 by the *Association Française des Entreprises Privées* and by the *Mouvement des Entreprises de France*. The criteria stated below are designed to define a member's independent status, and its guiding principle is that "a member is independent if he has no relations of any sort with the company, the group it belongs to or its management, which might compromise the exercise or freedom of the member's judgment."

An independent member must not:

- be an employee or executive director of the company or the Group, or an employee or director of one of the company's shareholders, and must not have been so during the previous five years;
- be a representative of the government, a civil servant or an employee of *Société de Prise de Participation de l'État* or any other entity in which the government has a direct or indirect majority interest;
- be a corporate officer of a company in which the company directly or indirectly has the office of director or in which a designated employee or corporate officer of the company (either currently or in the last five years) has the office of director;
- be a client (or directly or indirectly linked to a client), supplier, investment banker, or financing banker, if the business relationship is such that it could compromise the exercise of the freedom of judgment of the member in question;
- have a close family link with a corporate officer of the company or its group;
- have been an examiner, accountant, or permanent or temporary auditor of the company or of any of the Group's companies during the last five years;
- have been a corporate officer of the company for more than 12 years;
- or receive or have received any substantial additional compensation from the company or the Group, excluding attendance fees and including any participation in any stock option formula or any other performance-based compensation formula.

The expression "executive director" means any person who assumes, in the company or any of the Group's companies, the duties of management, *i.e.* any Chairman, Chairman of the Board of Directors or Management Board, member of the Management Board, Chief Executive Officer or Deputy Chief Executive Officer of the company or any of the Group's companies, except for members of the Board of Directors or Supervisory Board provided they do not collect any other form of compensation from the company or any of the Group's companies, not including any attendance fees paid by the company or any compensation as Chairman or Vice-Chairman of the Supervisory Board.

The Supervisory Board may find that one of its members, although meeting the criteria above, should not be classified as independent given his or her individual situation or that of the company, with regard to his or her shareholding or for any other reason.

2.6.1.4.2 Integrity of members

In accordance with the internal rules of BPCE's Supervisory Board, Supervisory Board members must perform their duties with loyalty and professionalism.

They must not take any initiatives intended to damage the company's interests, and they must act in good faith in all circumstances.

Furthermore, all members of the Supervisory Board and its committees, as well as anyone who may be invited to attend their 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 regarding their discussions, 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 reiterates that the proceedings of a Meeting are confidential whenever regulations or the interests of the company or the Group may require it.

The Chairmen of each Board committee proceed in the same fashion.

The Chairman of the Board or one of its committees shall take the measures necessary to ensure the confidentiality of discussions. He may require all persons taking part in a meeting to sign a confidentiality agreement.

If a member of the Board or one of its committees fails to comply with one of his obligations, in particular the obligation of confidentiality, the Chairman of the Supervisory Board shall refer the matter to the Board in order to issue a warning to the member concerned, independently of any measures taken under the applicable laws, regulations or bylaws.

The member concerned shall be given advance notice of the penalties being considered, and shall be able to make representations to the Supervisory Board.

Supervisory Board members:

- undertake to devote the necessary time and attention to their duties;
- must attend all of the meetings of the Supervisory Board and the committees of which they are members, unless this is impossible;
- shall stay informed about the company's business lines, activities, issues and values;
- shall endeavor to maintain the level of knowledge they need to fulfill their duties;
- are bound to require and to make every effort to obtain, within an appropriate time, the information which they consider they need before they can hold discussions at Supervisory Board meetings in full knowledge of the facts.

2.6.1.4.3 The Board's duties and powers

A – General principles

The Supervisory Board performs the duties attributed to it by law. In this respect, at all times of year, the Supervisory Board performs the checks and controls it deems appropriate, and may have sent to it any documents it regards as expedient in fulfilling its mission.

The Supervisory Board:

- receives a report from the Management Board on the company's business activities once per quarter;
- checks and controls the company's individual and consolidated parent company financial statements prepared by the Management Board and presented by that Board within three months from the end of the accounting period, along with a written report on the company's and its subsidiaries' position and their activity during the past year;
- presents its comments on the Management Board's report and the year's financial statements to shareholders in the Annual Shareholders' Meeting.

In accordance with the law, the following transactions cannot be performed by the Management Board until they have secured prior authorization from the Supervisory Board, acting by simple majority of its present or represented members:

- disposal of buildings by type and total or partial disposals of equity interests;
- the provision of company property as collateral.

In addition to these powers, the Supervisory Board has powers to do the following.

OWN POWERS:

- appoint the Chairman of the Management Board;
- appoint the other members of the Management Board, following proposals by the Chairman of the Management Board;
- set the method and amount of remuneration paid to each Management Board member;
- grant the status of Chief Executive Officer to one or more members of the Management Board on the proposal of the Chairman of the Management Board, and withdraw that status from such members;
- propose the appointment of the Auditors at the General Shareholders' Meeting;
- decide where to move the registered offices within the same *département* or to an adjacent *département*, subject to that decision being ratified at the next Ordinary General Shareholders' Meeting.

DECISIONS SUBJECT TO A SIMPLE MAJORITY VOTE:

- approve the policy and strategy of the Group and each Network;
- authorize any planned transaction or buyback of C shares in an amount greater than €200 million;
- approve the company's annual budget and determine the rules for calculating contributions from affiliated entities;
- approve disposals of securities;
- authorize regulated agreements pursuant to the French Commercial Code;
- approve the Group's internal solidarity mechanisms;
- approve the national and international agreements involving each of the networks and the Group as a whole;
- approve the general criteria that must be fulfilled by the directors of the Group's affiliated entities, including age limits, which cannot exceed 65 years old for Chief Executive Officers or members of the Management Board, and 68 years old for Chairmen of Boards of Directors and Steering and Supervisory Boards;
- authorize the directors of affiliated entities or remove authorizations from directors of affiliated entities and make other dismissals as set out in Article L. 512-108 of the Monetary and Financial Code;
- approve the creation or abolition of a Banque Populaire or Caisse d'Epargne et de Prévoyance bank, including through the merger of two or more Banque Populaire banks or two or more Caisse d'Epargne et de Prévoyance banks;
- examine and approve the main risk limits relating to the Group and each Network, as defined by the Management Board; perform regular examinations and checks on the Group's risks, developments in those risks and the systems and procedures used to control them;
- examine the activity and results of internal control, and the main conclusions of assignments performed by Group internal audit;
- appoint BPCE's representatives to Natixis' Board of Directors, among whom representatives from the Groupe Caisse d'Epargne and representatives from the Groupe Banque Populaire will be of identical number and will hold at least the majority of seats together;
- adopt the Board's internal rules.

DECISIONS SUBJECT TO A QUALIFIED MAJORITY VOTE:

- any decision to subscribe or acquire (or to enter into any agreement binding the company for the purpose of subscribing or acquiring), by any means (including by transfer of assets to the company), securities or rights of any type whatsoever, be they issued by a company or any other entity, and representing an investment or asset transfer value, directly or indirectly, of greater than €1 billion;
- any decision to transfer (or to enter into any agreement binding the company for the purpose of a transfer), by any means, securities or rights of any type whatsoever held by the company and representing for the company a divestment greater than €1 billion;

- any decision by the company to issue capital securities or securities giving immediate or eventual access to the company's capital, with the shareholders' preemptive rights waived;
- any decision to propose to the General Meeting of Shareholders any changes to the bylaws concerning the company that affect or are likely to affect the rights of category C shareholders, or that change the terms of governance;
- any merger, demerger, spin-off, or related decision involving the company;
- any decision relating to a material amendment of the internal rules of the company's Supervisory Board affecting the specific rights of category C shareholders;
- any decision to remove the Chairman of the company's Management Board from his office as Chairman;
- any decision relating to the listing of the shares of the company or one of its main direct or indirect subsidiaries for trading on a regulated market.

The Supervisory Board's decisions, taken in the context of the company exercising its functions as the central body of the network, are preceded by a consultation with Natixis.

B - Rules and principles governing the setting of remuneration and benefits

REMUNERATION OF FINANCIAL MARKET PROFESSIONALS

As part of the government's economic support initiatives, an agreement relating to the new system for monitoring the remuneration of financial market professionals working for credit institutions has been reached between the Groupe BPCE and the French government.

Following the adoption by G20 countries in the Pittsburgh summit of September 24 and 25, 2009 of standards issued by the Financial Stability Board on September 25, 2009, and following the amendment to Regulation 97-02 of February 21, 1997 relating to the internal control of credit institutions and investment companies *via* the order of November 3, 2009, BPCE's Supervisory Board examined the principles relating to the remuneration of financial market professionals.

These principles concern Natixis[1] and BRED Banque Populaire.

BRED Banque Populaire: on the proposal of executive management and following the report of the Remuneration committee, BRED Banque Populaire's Board of Directors determined the principles for variable pay awarded to traders in its November 20, 2009 and January 14, 2010 meetings.

The main characteristics of this policy can be summarized as follows:

- fixed pay is related to the expertise and level of responsibility of the staff concerned, so that variable pay is supplementary and not guaranteed (general practice for all BRED staff);
- a financial performance measurement is used, such as analytical gross operating income, excluding bonuses and any loan loss allowances, along with the cost of capital associated with capital market transactions;
- a bonus pool is determined, linked with the financial performance of activities independently of operational staff, and validated by executive management. The maximum bonus pool available to a Chief Executive Officer during a year is calculated on the basis of financial performance, with limited discretion in an adverse situation. In 2010, the special 50% tax applied to traders' bonuses had a moderating effect on the overall bonus pool;
- individual bonuses are proposed for traders by senior managers responsible for the two departments involved, based on a written appraisal setting out the person's contribution to earnings and attainment of individual targets (new business development, behavior, etc.). Performance measurement takes into account any losses incurred and risks taken, measured through consumption of capital. This allows for an adjustment of variable pay based on risk;
- a formal opinion is issued by the Compliance department and the Risk Management department regarding traders' performance as regards compliance and risk policy;
- a formal opinion from the Human Resources department regarding proposals of variable pay to traders;
- executive management makes a decision regarding variable pay proposals for traders and the award of variable pay to the two senior managers. Executive management may decide, particularly based on the compliance and risk report, to apply a discount to the individual bonuses of staff or groups of staff that do not respect compliance and risk policies;
- there is a strong link between remuneration and the medium-term financial performance of businesses, through variable pay dependent on the ongoing presence of traders and ongoing financial performance over time. Conditional remuneration is covered by the "long-term performance and loyalty plan 2010", which focuses on long-term value creation;
- potential bonuses are discretionary in nature, subject to future presence and performance conditions;
- a significant proportion of traders' overall 2010 variable pay consists of potential bonuses subject to future presence and performance conditions (in accordance with industry standards);
- bonuses are paid over three years following the year of award (in practice in the second and third years);
- there is a ban on guaranteed bonuses unless a limited exception applies in accordance with industry standards.

Traders must comply with all internal control rules applicable to the trading floor. Assessing compliance with the risk policy depends on the proper application of regulatory obligations, compliance with procedures, compliance with transaction formalities by the trading floor, compliance with limits and co-operation between traders and the Compliance and Risk Management departments.

Within the central institution:

The Supervisory Board, after considering the work done by the Appointments and Remuneration committee, noted the professional rules relating to the remuneration of market operators within the Group and at the BPCE level, and established remuneration principles for market operators as proposed by the Appointments and Remuneration committee.

(1) Natixis dealt with this matter in its 2009 reference document, filed with France's financial market authority on April 30, 2009 under number D. 10-0375.

Within the Group:

Each Group institution has the responsibility for applying the new arrangements, in compliance with its own corporate governance rules. BPCE, as central institution, issues general guidance and obtains assurance that affiliated institutions have taken decisions in accordance with the new regulatory framework.

APPOINTMENT OF SUPERVISORY BOARD MEMBERS

The July 31, 2009 Combined General Shareholders' Meeting set the total amount of attendance fees payable by BPCE at €600,000.

Philippe Dupont, Chairman of the Supervisory Board:

- annual fixed pay: €400,000;
- annual housing allowance: €40,000;
- attendance fees: €0.

Attendance fees paid to Supervisory Board members

Yves Toublanc, Vice-Chairman of the Supervisory Board:

- attendance fees, paid annually: €80,000;
- attendance fees paid for each meeting attended, up to a limit of six meetings during the financial year: €1,500.

Other Supervisory Board members:

- attendance fees, paid annually: €10,000;
- attendance fees paid for each meeting attended, up to a limit of six meetings during the financial year: €1,000.

Additional remuneration paid to members of specialist committees

Marwan Lahoud, Chairman of the Risk Management committee:

- attendance fees, paid annually: €30,000;
- attendance fees paid for each meeting attended, up to a limit of six meetings during the financial year: €500.

Other members of the Risk Management committee:

- attendance fees, paid annually: €5,000;
- attendance fees paid for each meeting attended, up to a limit of six meetings during the financial year: €500.

Laurence Danon, Chairman of the Appointments and Remuneration committee:

- attendance fees, paid annually: €15,000;
- attendance fees paid for each meeting attended, up to a limit of six meetings during the financial year: €500.

Other members of the Appointments and Remuneration committee:

- attendance fees, paid annually: €2,000;
- attendance fees paid for each meeting attended, up to a limit of six meetings during the financial year: €500.

Remuneration of non-voting members

Pursuant to Article 28.3 of the bylaws, the Supervisory Board has decided to remunerate non-voting members by making a deduction from the attendance fees allocated to Supervisory Board members by the General Shareholders' Meeting.

Non-voting directors receive:

- attendance fees, paid annually: €5,000;
- attendance fees paid for each meeting attended, up to a limit of six meetings during the financial year: €500.

REMUNERATION OF MANAGEMENT BOARD MEMBERS

In accordance with Article 19 of BPCE's bylaws and on the proposal of the Appointments and Remuneration committee, the Supervisory Board laid out the criteria used to determine the amount of variable pay granted to Management Board members with respect to 2009 at its November 12, 2009 meeting.

These criteria were defined as follows:

- quantitative criteria used to determine variable pay: 40%, defined as follows:

Group net income for the second half of 2009	Attainment
≥€1,000m	100%
< €1,000m and ≥€500m	Proportionate to actual earnings within this range
< €500m	0%

- qualitative criteria used to determine variable pay: 60%, defined as follows:
  - management of the combination between the two central bodies and the creation of BPCE (compliance with deadlines, co-ordination of work in various areas, etc.),
  - implementation of the Group's organization and governance,
  - preparation of a cost-saving plan for BPCE,
  - launch of the Group project.

In addition, it has been decided that any variable pay received from other Group entities will be deducted from the variable pay estimated in relation to BPCE. If applicable, amounts will be calculated on a pro rata basis, based on the person's length of service. This may be relevant where a manager from a Groupe BPCE credit institution that awards variable pay is appointed to BPCE's Management Board.

François Pérol has waived all bonuses and variable pay with respect to 2009, as noted by the Supervisory Board in its July 31, 2009 meeting.

On a motion by the Appointments and Remuneration committee, BPCE's Supervisory Board set the following remuneration for the Chairman and the members of the Management Board at its meeting on July 31, 2009:

François Pérol:

- fixed pay: €550,000;
- variable pay: up to 100% of fixed pay.

Yvan de La Porte du Theil:

- fixed pay: €550,000;
- variable pay: up to 80% of fixed pay.

Alain Lemaire:

- fixed pay: €550,000;
- variable pay: up to 80% of fixed pay.

Nicolas Duhamel:

- fixed pay: €500,000;
- variable pay: up to 60% of fixed pay.

Jean-Luc Vergne:

- fixed pay: €500,000;
- variable pay: up to 60% of fixed pay.

2.6.1.4.4 Operating procedures

In accordance with Article 25.1 of the bylaws, the Supervisory Board meets as often as the company's interests, laws and regulations require and at least once every quarter, in order to examine the Management Board's quarterly report. Board meetings may be convened by its Chairman, its Vice-Chairman or by one half of its members, and take place at the registered office or any other location stated in the notice of meeting.

In accordance with Article L. 225-38 of the French Commercial Code, the external auditors have been invited to Board meetings examining full-year and half-year financial statements.

The BPCE Supervisory Board met 4 times between July 31, and December 31, 2009.

In 2009, the attendance rate for Supervisory Board members was 95.8%.

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

Internal operating procedures of the Supervisory Board — Governance:

- variable pay and remuneration policy for executives;
- adoption of remuneration principles for financial market professionals.

Finance:

- presentation of BPCE's quarterly financial statements for the three months ended September 30, 2009;
- approval of the 2010 budget;
- adoption of the regulation concerning solidarity and guarantees between the Banque Populaire and Caisse d'Epargne et de Prévoyance networks.

Compliance – Risks:

- presentation of the "Internal Audit", "Group Risk Management" and "Compliance" charters;
- monitoring of *Commission bancaire* reports and enquiries.

Strategy:

- examination of CNP Assurances' plan to exercise its put on NGAM shares and to sell these shares to Natixis;
- authorization of BPCE's purchase of all of Natixis' shares in Natixis Pramex International. Depending on the type of questions submitted to the Supervisory Board, discussions were held and decisions taken on the basis of reports presented by the relevant Board committees.

2.6.1.4.5 Supervisory Board's internal rules

The Internal Rules of the Supervisory Board, adopted at the Board's meeting on July 31, 2009, are the Supervisory Board's governance charter, which sets its internal operating procedures, specifically intending to ensure efficient interaction and the smooth running of governing bodies.

It enhances the work done by Supervisory Board members, by promoting the application of corporate governance principles and best practice in the interests of ethics and efficiency.

Finally, its purpose is to supplement the bylaws, including by:

- specifying the procedures for convening meetings of the Supervisory Board and Supervisory Board committees, as well as the rules under which they are to deliberate;
- specifying the duties of the various committees;
- specifying the obligation of professional secrecy and the obligation of confidentiality owed by members of the Supervisory Board and its committees;
- defining penalties applicable in the event that a member of the Supervisory Board or of a committee fails to comply with one of his obligations.

2.6.1.4.6 Operating procedures of Supervisory Board committees

The Supervisory Board has instituted three specialized committees in charge of preparing its decisions and making recommendations to it, whose duties, resources and makeup are set out in the Supervisory Board's internal rules.

As far as possible, and depending on applicable circumstances, any discussion by the Supervisory Board that falls within the jurisdiction of a committee created by it is preceded by the referral of the matter to the said committee, and a decision may only be taken after that committee has issued its recommendations or motions.

The purpose of such consultation with committees is not to delegate to them powers that are allocated to the Supervisory Board by law or the bylaws, nor is it to reduce or limit the Management Board's powers.

Whenever it is necessary to consult with a committee, the Chairman of that committee receives from the Management Board, within a reasonable time limit (given the circumstances), all of the items and documents that enable the committee to carry out its work and formulate its opinions, recommendations and proposals relating to the Supervisory Board's planned discussion.

Committee members are chosen by the Supervisory Board based on a proposal made by the Chairman of the Board from among its members. They may be dismissed by the Supervisory Board.

The term of office of committee members coincides with their term of office as Supervisory Board members. The renewal of both terms of office may take place concomitantly.

Each committee consists of at least three and at most seven members.

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

Within each of the committees, a Chairman is in charge of organizing the work. The Chairman of each committee is appointed by the Supervisory Board.

The Risk Management committee met three times between July 31 and December 31, 2009. The attendance rate at meetings was 100%.

The Risk Management 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.

In this capacity, it analyses the quality of information provided to shareholders, and more generally fulfils duties set out in the French Commercial Code as amended by order 2008-1278 of December 8, 2008 and CRBF Regulation 97-02 of February 21, 1997 as amended, relating to the internal control of credit institutions and investment companies.

The Risk Management committee has been chaired by Marwan Lahoud since July 31, 2009, the date on which he was appointed by the Supervisory Board as an independent member.

Marwan Lahoud is a graduate of France's elite *École Polytechnique* university, and is an aerospace engineer. His career has included spells as special advisor and then advisor on industrial, research and armament matters to the cabinet of the Defence Minister, special advisor to the head of human resources at DGA (France's general delegation for ordnance), head of development at Aerospatiale and secretary-general of the Aerospatiale-Matra committee, Senior Vice-President in charge of mergers and acquisitions at EADS and Chief Executive Officer of MBDA Missile Systems.

He is currently Deputy Chief Executive Officer of EADS, in charge of marketing and strategy, and a member of EADS' Executive committee. Mr Lahoud's extensive experience played a significant part in his appointment as Chairman of the Risk Management committee, as an independent member.

The committee's other members were also chosen for their expertise in accounting, finance and internal control:

- Thierry Cahn, Chairman of Banque Populaire d'Alsace, is also a legal practitioner, working at the Colmar appeals court, and specializes in economic law, business law and commercial law. He also teaches commercial law at the I*nstitut Universitaire de Haute Alsac*e;
- Bernard Comolet is a graduate of French business school HEC, and serves as the Chairman of the Management Board of Caisse d'Epargne Île-de-France. He has also been Chairman of the Management Board of Caisse Nationale des Caisses d'Epargne, corporate secretary at Compagnie Générale de Banque Citibank, and manager of several UBP branches;
- Jean Criton is a graduate of *Institut d'Études Politiques* in Paris and has postgraduate qualifications in law. He is Chief Executive Officer of Banque Populaire Rives de Paris. During his career, he has been Chief Executive Officer of BICS, Chief Executive Officer of Banque Populaire du Centre, and internal auditor at Chambre Syndicale de Banques Populaires;
- Pierre Valentin holds a master's degree in law and is a graduate of the Institut des Assurances d'Aix/Marseille. His is Chairman of the Steering and Supervisory Board of Caisse d'Epargne Languedoc-Roussillon. He has been Vice-Chairman of the Supervisory Board of Banque Palatine, and was a judge and Chairman of the Alès commercial court for more than 10 years;
- Olivier Bourges is a graduate of the *École Nationale d'Administration* and the *Institut d'Études Politiques* in Paris. He represents the French government in his role as Deputy Chief Operating Officer of *Agence des participations de l'État* within the Ministry for the Economy, Industry and Employment. He previously worked as head of financial relations at Renault, head of corporate planning and program management at Nissan North America and head of financial control within the Renault group.

The Chairman and Vice-Chairman of the Supervisory Board receive the reports of the Risk Management committee and may take part in the committee's meetings if they desire.

The Risk Management committee monitors:

a) the process of preparing financial information, the statutory audit of the annual and consolidated financial statements, and the auditors' independence:

In this respect, its duties include:

- reviewing half-year and annual consolidated financial statements of the company and the Group, as well as the company's individual annual financial statements, which are presented to it by the Management Board prior to their review by the Supervisory Board;
- checking that the information provided is clear;
- reviewing the scope of consolidated companies and supporting evidence;
- assessing the appropriateness of accounting methods adopted for preparing the company's individual financial statements and the consolidated financial statements of the company and the Group;
- reviewing the draft of the Supervisory Board Chairman's report on internal control and risk management procedures as regards preparing and processing accounting and financial information;
- reviewing the prudential and accounting impacts of any significant acquisition by the company or the Group;
- issuing recommendations on the external auditor selection procedure, and on the external auditors proposed to the General Meeting of Shareholders;
- making sure that the auditors are independent, specifically by reviewing the itemized fees that are paid to them by the Group as well as to any network to which they might belong, and by giving prior approval for any assignment costing more than €1 million, before tax, that does not fall within the strict framework of statutory auditing of the financial statements but which is consequential or accessory to it, with any other assignment being disqualified;
- reviewing the auditors' work schedule, the results of their audits and recommendations, and any follow-up action taken;

b) the efficacy of internal oversight and risk management systems:

In this respect, its duties include:

- assessing the quality of the internal controls performed by the company and the Group, including the consistency and completeness of systems for measuring risk supervision and management; proposing additional action in this area as required; examining annual reports relating to the measurement and supervision of risk, and the conditions in which internal controls are performed within the Group;
- reviewing the total risk exposure of the company's and the Group's activities, based on relevant reports;
- formulating opinions on the Group's broad policies in terms of risks and compliance, specifically on the risk limits reflecting risk tolerance as presented to the Board;
- proposing to the Board the significance criteria and thresholds mentioned in Article 17 *ter* of CRBF Regulation 97-02, which are used to identify incidents that must be brought to the Board's attention;
- ensuring that the remuneration policy is in line with risk management targets;
- ensuring that the Group's internal audit unit is independent, and authorized to receive from the Group's banks, or to itself access, all

items, systems, or information required for the successful performance of its duties;

- reviewing the annual schedule of the Group's Internal Audit;
- ensuring that the findings of audits performed by the French Banking Commission and Group Internal Audit, of which the summaries regarding the company and the Group's entities are disclosed to it, are addressed;
- reviewing the follow-up letters sent by the French Banking Commission and issuing an opinion on the draft replies to these letters.

The main issues addressed by the Risk Management committee in 2009 were as follows:

Finance:

- 2010 budget and changes in the financing structure;
- Regulation concerning solidarity and guarantees between the Banque Populaire and Caisse d'Epargne et de Prévoyance networks.

Compliance – Risks:

- presentation of the "Internal Audit", "Group Risk Management" and "Compliance" charters;
- monitoring of *Commission bancaire* reports and enquiries.

Strategy:

- examination of CNP Assurances' plan to exercise its put on NGAM shares and to sell these shares to Natixis;
- authorisation of BPCE's purchase of all of Natixis' shares in Natixis Pramex International.

The Appointments and Remuneration committee met three times between July 31 and December 31, 2009. The average attendance rate at meetings was 88.9%.

The committee has been chaired by Laurence Danon since July 31, 2009, which is when she was appointed by the Supervisory Board as an Independent member.

Laurence Danon is an engineering graduate of the *Corps des Mines*, and a member of the Management Board of Edmond de Rothschild Corporate Finance. During her career, she has been Chief Executive Officer of Ato Findley SA, Chairman of the Management Board and then Chairman and Chief Executive Officer of France-Printemps, and Chairman of the "new generation" committee of *Mouvement des Entreprises de France* (Medef).

The other members of the Appointments and Remuneration committee are selected on the basis of their expertise and professional experience:

- Catherine Amin-Garde holds a degree in European studies from ENA in Strasbourg. She currently chairs the Steering and Supervisory Board of Caisse d'Epargne Loire Drôme Ardèche. In addition to her responsibilities in the network, she is in charge of local government contracting policies and inter-ministerial partnership policies, and is a French government delegate representing the préfet of the Drôme region, working on social cohesion policy. She is also a technical advisor to the Ministry of Youth, Sport and the Voluntary Sector;
- Gérard Bellemon is a graduate of *École de Commerce* IDRAC, and is Chairman of the Board of Directors of Banque Populaire Val de France. He is also Chairman of two public limited companies, a director of Société Marseillaise de Crédit and Chairman of the Board of Directors of Natixis Assurances;
- Ramon Fernandez is a graduate of the *Institut d'Études Politiques de Paris*, and is Director-General of the Treasury and Economic Policy at the French Ministry for the Economy, Industry, and Employment. During his career, he has been a technical advisor to the cabinet of the Minister for the Economy, Finance and Industry with responsibility for banks, insurance, savings, financial markets and housing. He has worked as deputy head of international financial affairs and development at the French Treasury, and deputy head of economic policy at the Ministry for the Economy, Finance and Industry. He has also advised the French President on economic matters;
- Stève Gentili is Chairman of BRED Banque Populaire. During his career, he has been Chairman of Natixis Pramex International and director of Coface, Natixis Algérie, BICEC (Cameroon) and BCI (Congo-Brazzaville);
- Pierre Mackiewicz has an MBA with a specialization in accounting and financial science, and is Chairman of the Steering and Supervisory Board of Caisse d'Epargne Côte d'Azur. He has also been head of financial and human resources at the *Centre Hospitalier de Menton* since 1998.

The Appointments and Remuneration committee prepares decisions of the BPCE Supervisory Board on the following topics:

Pay

The Appointments and Remuneration committee is in charge of formulating proposals to the Supervisory Board concerning:

- the remuneration levels and methods applied to members of the company's Management Board, including benefits in kind, benefit plans and retirement plans,
- the remuneration of the Supervisory Board's Chairman and any Vice-Chairmen;
- the allocation of attendance fees among members of the Supervisory Board and committees, and the total amount of attendance fees submitted for approval at the company's AGM.

Furthermore, the Appointments and Remuneration committee:

- gives its opinion to the Board on the policy for granting stock options or similar securities, and on the list of recipients;
- is informed of the Group's remuneration policy, particularly the policy regarding the senior management of affiliated banks;
- reviews and issues opinions on the insurance policies taken out by the company in terms of manager liability;
- gives an opinion to the Board about the section of the annual report that covers these issues.

Selection

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

- the choice of members of the Supervisory Board and non-voting members, who come from outside the Group, it being stipulated that Supervisory Board members from inside the Group are proposed to the Board in keeping with the company bylaws and Article L. 512-106 of the Monetary and Financial Code.

Its duties also include:

- making proposals to the Board for the appointment of the Chairman of the company's Management Board;
- coordinating the Supervisory Board's evaluation process, which is performed either by itself or under any other appropriate internal or

external procedure. In this respect, it proposes any necessary updates to the company's rules of governance (the Board's internal rules);

- examining the Chairman's draft corporate governance report.

The main issues dealt with by the Appointments and Remuneration committee in 2009 were as follows:

- appointment and remuneration policy relating to Management Board members;
- compensation paid to the Chairman of the Supervisory Board and the breakdown of attendance fees;
- application of professional rules relating to bonus/clawback arrangements for BPCE market professionals.

The Cooperative committee met once between July 31 and December 31, 2009. The attendance rate was 83.3%.

The Cooperative committee is in charge of formulating proposals and recommendations to promote and incorporate into the Group's and the networks' activities the cooperative and corporate values of long-term commitment and professional and relational ethics, and thereby build up the cooperative aspect of the Group and each of its networks.

The Cooperative committee is chaired by Philippe Dupont, Chairman of the Supervisory Board and member of the committee as of right (Article 3.4 of the internal rules of BPCE's Supervisory Board).

The committee's other members are:

- Bernard Comolet, member of the Risk Management committee;
- Jean Criton, member of the Risk Management committee;
- Pierre Desvergnes, Chairman of CASDEN Banque Populaire. He is also Vice-Chairman of CCOMCEN, a body consisting of associations, cooperatives, and mutual benefit societies that serve the social economy and share common ideals:
- Francis Henry, Chairman of the Steering and Supervisory Board of Caisse d'Epargne Lorraine Champagne-Ardenne. He is also an honorary notary.
- Yves Toublanc, Vice-Chairman of the Supervisory Board.

In its meetings, the Cooperative committee mainly considered the characteristics of members' shares and shareholders' equity.

2.6.1.4.7 Details relating to the participation of shareholders in General Meetings (Article 30 of BPCE's bylaws)

1°– General Meetings of Shareholders are convened and meet under the conditions established by current regulations. Such meetings are held at the company's registered office or at any other place specified in the notice of meeting. The Ordinary General Meeting convened to approve the annual financial statements for the past year meets within five months following the end of the financial year.

2°– Only category A shareholders, category B shareholders and holders of ordinary shares are entitled to participate in General Meetings of Shareholders. To attend such meetings, shareholders' names must be recorded in the shareholder register kept by the company a minimum of three business days (by 12.00am Paris time) prior to the General Meeting.

3°– If a shareholder does not attend a General Meeting in person, he may either:

- give a proxy vote to another shareholder or to his or her spouse, or
- vote by post, or
- give a proxy vote to the company without indicating the name of any representative.

4°– General Meetings are chaired by the Chairman of the Supervisory Board or, in his absence, by the Vice-Chairman. If both the Chairman and Vice-Chairman are absent, General Meetings are chaired by a member of the Supervisory Board specially appointed for that purpose by the Supervisory Board. If no such person is present, the General Meeting shall elect a Chairman itself. The General Meeting appoints its officers. The returning officers consist of two shareholders representing, either by themselves or through proxies, the greatest number of shares and who are willing to carry out the task. The officers appoint a secretary, who may not necessarily be a member of the General Meeting.

An attendance record is kept in accordance with regulations in force.

5°– The Ordinary General Meeting shall be validly held on first calling if the shareholders present or represented possess at least one fifth of the voting shares.

The Ordinary General Meeting shall be validly held on the second calling regardless of the number of shareholders present or represented. The Ordinary General Meeting takes decisions on a majority of the votes of the shareholders present or represented, including postal votes.

6°– The Extraordinary General Meeting shall be validly held on first calling if the shareholders present or represented possess at least one quarter of the voting shares.

The Extraordinary General Meeting shall be validly held on the second calling if the shareholders present or represented possess at least one fifth of the voting shares.

The deliberations of the Extraordinary General Meeting are taken by a two-thirds majority of the votes of the shareholders present or represented, including postal votes.

Ordinary and Extraordinary General Meetings exercise their respective powers under the conditions stipulated in current regulations.

7°– Copies or excerpts of the minutes of the General Meetings are validly certified by the Chairman or Vice-Chairman of the Supervisory Board, a member of the Management Board or by the secretary of the General Meeting.

Ordinary and Extraordinary General Meetings exercise their respective powers under the conditions stipulated in current regulations.

2.6.2 Internal control and risk management procedures

2.6.2.1 GENERAL ORGANIZATION

2.6.2.1.1 Governance of the internal control system by the central institution

Since August 4, 2009, when BPCE became operational, the governance of the internal control system has been as follows:

- the Management Board defines and puts in place the organization and resources to ensure the proper assessment and management of risks in a comprehensive and optimal manner.

  It has a control framework appropriate to the financial position and strategy of BPCE and Groupe BPCE.

  The Management Board is responsible for day-to-day risk management, and reports to the Supervisory Board on these activities.

  It defines risk tolerance through general objectives regarding risk supervision and management. The appropriateness of these objectives is evaluated on a regular basis. It carries out regular monitoring on the implementation of policies and strategies.

  It keeps the Risk Management committee and Supervisory Board regularly informed of the main items and principal lessons learned from the analysis and monitoring of risks associated with the activities and results of Groupe BPCE.

  The Chairman of the Management Board and the two Management Board members responsible for the Caisses d'Epargne and Banque Populaire networks are the three people that effectively determine the direction of BPCE's activities.
- The Supervisory Board oversees the management of the principal risks incurred, approves the main risk limits and appraises the internal control framework in accordance with the regulatory framework.

  In this, the Board is supported by a Risk Management committee.

2.6.2.1.2 Risk Management committee

1. Composition and operation

The committee is composed of Supervisory Board members appointed for their terms of office as Supervisory Board members. It is chaired by an independent member of the Supervisory Board.

Its practical operational procedures are set out in the Supervisory Board's internal rules.

2. Duties

The committee assists the Supervisory Board and, in this capacity, ensures the quality of information provided to shareholders. More generally, it performs the tasks set out in CCLRF Regulation 97-02 of February 21, 1997 as amended. Its role is to:

- check the clarity of information supplied and provide an opinion on the appropriateness of the accounting methods adopted in the preparation of individual and consolidated financial statements;
- express an opinion on the appointment or reappointment of the company's external auditors and review their work programs, audit conclusions and recommendations as well as any follow-up action in response to their recommendations;
- review the global risk exposure of activities and provide an opinion on risk limits presented to the Supervisory Board;
- ensure that the remuneration policy is in line with risk management objectives;
- assess the quality of internal control, including the consistency of risk measurement, monitoring and management systems and propose, if necessary, additional measures in this regard;
- examine reports specified in Articles 42 and 43 of Regulation 97-02;
- receive internal audit and regulatory reports concerning the Group, ensure that findings from internal audit and regulatory inspections are followed up, and review the annual program for internal audit.

3. Resources

The company's Management Board supplies any documents and information that are useful in the performance of its role.

The Risk Management committee may speak to any executive or person whose expertise it deems useful. The heads of permanent risk control, compliance and periodic control are invited to its meetings, with no voting right. Minutes of Risk Management committee meetings are prepared.

These minutes are circulated to committee members. The Chairman of the Risk Management committee prepares a report on the committee's work for the Supervisory Board.

4. Subjects addressed in Risk Management committee meetings

In the first seven months of 2009, Banque Fédérale des Banques Populaires and Caisse Nationale des Caisses d'Epargne both held Risk Management committee meetings according to their own operating procedures. The Risk Management committee met twice with respect to Banque Fédérale des Banques Populaires and the Groupe Banque Populaire:

- March: to examine the plan to adjust the system of asset-liability, interest-rate and liquidity risk limits and the updating of the asset-liability risk reference base, to examine draft replies to follow-up letters from the *Commission bancaire* and to make a decision about the Groupe Banque Populaire's audit standards;
- May: to examine the annual internal control report published by Banque Fédérale des Banques Populaires and the Groupe Banque Populaire in 2008 and to make a decision about risk thresholds to be set in accordance with Article 17 *ter* of Regulation 97-02 as amended.

The Groupe Banque Populaire Audit committee met once in the first half of 2009 to state its opinion on the Groupe Banque Populaire's 2008 financial statements.

During the same period, the Risk Management committee met eight times with respect to Caisse Nationale des Caisses d'Epargne and the Groupe Caisse d'Epargne, to analyze the planned merger and progress with running down proprietary activities. Other objectives of these meetings were as follows:

- January: to carry out a half-yearly update on work done by Internal Audit, to analyze its draft 2009 budget, to look at quarterly risk reporting and to assess two projects concerning subsidiaries of the Groupe Caisse d'Epargne;

- February: to analyze the 2008 financial statements of Caisse Nationale des Caisses d'Epargne and the Groupe Caisse d'Epargne, to review the report by the Chairman of the Supervisory Board, and to carry out an update on major counterparty risks and on progress with the Basel II project;
- March (2 meetings): to examine the plan to transfer corporate clients from Caisse Nationale des Caisses d'Epargne to Banque Palatine, to assess the plan for an special distribution of capital to be put to a future Extraordinary General Meeting of Shareholders, to carry out an update on the Caisse d'Epargne Group's asset-liability management, on the Compliance team's work in the second half of 2008 and on Internal Audit's work in the first quarter of 2009, to review the annual risk management report to be included in the reference report and to analyze the use of the Behoust site;
- April: to carry out an update on the workout portfolio in Natixis' corporate and investment banking business, to review the risk report relating to Caisse Nationale des Caisses d'Epargne and the Groupe Caisse d'Epargne in accordance with Article 43 of Regulation 97-02, to read the two letters from the *Commission bancaire* regarding the Groupe Caisse d'Epargne's prudential capital and a disciplinary procedure against Caisse Nationale des Caisses d'Epargne following the market losses sustained in 2008, and to assess two draft agreements with GCE Covered Bonds about increasing its capital and with Oterom about a shareholder advance;
- May: to discuss Natixis' results for the first quarter of 2009, to carry out a progress update on the Basel II project and to monitor commitments made to the *Commission bancaire* relating to the ongoing disciplinary procedure;
- June (2 meetings): to analyze the Groupe Caisse d'Epargne financial statements for the first quarter of 2009, to carry out an update on asset-liability risks and the process of setting significant incident thresholds within the Groupe Caisse d'Epargne in accordance with Article 17 *ter* of Regulation 97-02, to examine three draft agreements with Banque Palatine regarding the planned transfer of corporate clients from Caisse Nationale des Caisses d'Epargne, with Oterom regarding the repayment of its debt to Banque Palatine and with the Caisse d'Epargne banks regarding the remuneration of collateral as part of the Groupe Caisse d'Epargne refinancing, to assess the report on internal control operating procedures within the Groupe Caisse d'Epargne in accordance with Article 42 of Regulation 97-02, and to read the letter from the *Commission bancaire* about the situation of the Groupe Caisse d'Epargne and of its various entities and subsidiaries.

In the last five months of 2009, following the completion of the merger, Groupe BPCE's Risk Management committee met three times.

- August: to examine Groupe BPCE's financial statements for the six months ended June 30, 2009, to look at the plan to integrate Société Marseillaise de Crédit into Groupe BPCE's SFEF refinancing system and to assess the plan to acquire Natixis Algérie from Natixis;
- November: to analyze the guarantee mechanism to be set up between BPCE and Natixis regarding the workout portfolio, to examine Groupe BPCE's financial statements for the nine months ended September 30, 2009, to look at the plan to increase Financière Océor's Tier-1 capital, to note the presentation to the Board of agreements linking BPCE to BP Participations and to CE Participations and tax consolidation agreements in the process of being set up, to note ethical and compliance rules applying to the Supervisory Board and the Risk Management committee and more generally to persons deemed sensitive, to note the letter from the *Commission bancaire* following its inspection of structured financing granted to local authorities and the draft reply, and to issue an opinion on the delayed adoption of IFRSs by the Banque Populaire banks, which was initially planned in 2010, and on the adjustment to the Caisse d'Epargne and Banque Populaire banks' solidarity and guarantee system;
- December: to note the 2009 earnings forecasts and 2010 budget of BPCE A, to carry out an update on the Group ALM reference base and on BPCE's cash management activities and associated risks, to hear a presentation on the organization and business plan of the Financial Audit department within BPCE's Group Finance department, to note the charters of the various control functions (Internal Audit, Compliance, Risk Management), which will apply to all Groupe BPCE institutions, to assess the situation of the workout portfolio, to issue an opinion on the sale of NGAM shares to Natixis following CNP Assurances' exercise of its put option and on the acquisition of Natixis Pramex International from Natixis, and to note a counter-guarantee agreement to be made between CE Participations and BPCE and the reclassification of BPCE shares held by BP Participations.

2.6.2.1.3 Participants in the internal control system

1. Organization at the Groupe BPCE level

Continuing the system that previously existed in the Groupe Banque Populaire and the Groupe Caisse d'Epargne, the control system of Groupe BPCE as central institution is based on three tiers of control in accordance with banking regulations and sound management practice: two tiers of permanent control and one tier of periodic control. Integrated control processes have been set up in accordance with decisions taken by BPCE's Management Board.

PERMANENT HIERARCHICAL CONTROL (TIER ONE)

Permanent hierarchical control (Tier one) is the first link in internal control, and is performed by the operating or functional departments under the supervision of their hierarchy.

These departments' responsibilities include:

- checking compliance with risk limits, as well as transaction processing procedures and their compliance;
- reporting operational risk incidents observed and establishing the business indicators necessary for the evaluation of operational risks;
- proving account balances arising from movements in the accounts concerned by transactions initiated in its departments.

Depending on the situations and activities, these tier-one controls are performed, jointly if applicable, by a special middle-office type control unit or accounting control entity, or otherwise by the operators themselves.

Tier-one controls are reported formally to the permanent control departments or functions concerned.

PERMANENT CONTROL BY DEDICATED ENTITIES (TIER TWO)

Permanent tier-two controls within the meaning of Article 6-a of Regulation 97-02 are performed by entities dedicated exclusively to this function such as the Group Compliance and Security department and the Group Risk Management department.

Other central functions are essential participants in the permanent control framework: the Group Finance department, responsible for accounting control, the Legal department, the Operations department responsible for Information Systems Security, and the Group Human Resources department responsible for issues affecting the remuneration policy.

PERIODIC CONTROL (TIER THREE)

Periodic control within the meaning of Article 6-b of Regulation 97-02 is performed by Internal Audit across all entities and activities, including permanent control.

2. Process-based organization

Integrated permanent and periodic control processes have been put in place within Groupe BPCE. Three permanent control and periodic control departments have been set up within the central institution that oversees these processes: the Group Risk Management department and Group Compliance and Security department are in charge of permanent control and the Group Internal Audit department is in charge of periodic control. As part of integrated control processes, permanent and periodic control functions located within affiliates and subsidiaries subject to the banking supervision system have strong functional links with BPCE's corresponding central control departments. These links include approval of the appointment and termination of officers in charge of permanent or periodic control functions at affiliates and direct subsidiaries, reporting and warning obligations, standards defined by the central body and contained in reference bases, and the definition or approval of control plans. These links have been formalized through charters covering each business process. The whole system was approved by the Management Board on December 7, 2009 and presented to the Risk Management committee on December 16, 2009. It has also been presented to BPCE's Supervisory Board.

2.6.2.1.4 Coordination of the control system

The Chairman of the central institution's Management Board is responsible for ensuring the consistency and effectiveness of permanent control.

A Group internal control coordination committee (CCCIG), chaired by the aforementioned person or his representative, meets periodically.

This committee has responsibility for dealing with all issues relating to the consistency and effectiveness of the Groupe BPCE internal control framework, as well as the results of risk management and internal control work and follow-up work.

Its responsibilities include:

- keeping executive management regularly updated about developments in the Groupe BPCE control framework;
- highlighting areas of emerging or recurrent risk, arising from developments in business, changes in the operating environment or the state of control systems;
- reporting significant failures to executive management;
- examining the methods for implementing the principal regulatory changes and their potential implications on the control framework and tools;
- ensuring that findings from control examinations are properly taken into account, reviewing remedial measures decided, prioritizing them and monitoring their implementation;
- deciding measures to be implemented to reinforce the level of security for Groupe BPCE and coordinating, where necessary, initiatives developed by the permanent control functions of the central body.

Committee members include the Management Board member in charge of Group Finance, the Group Head of Operations, heads of periodic control (Group Internal Audit) and permanent control functions (Group Risk Management department, Group Compliance and Security department), the head of IT systems security (RSSI) and the person responsible within the Group Finance department for overseeing the audit process. Management Board members in charge of Banque Populaire and Caisse d'Epargne banks have standing invitations to attend meetings. If applicable, this committee may hear reports from operational managers about measures taken by them to apply recommendations made by internal and external control bodies.

2.2.6.2.2 RISK MONITORING AND CONTROL PROCEDURES

The Group Risk Management department ensures the effectiveness and uniformity of the risk management system and the consistency of risks with Groupe BPCE's financial, human and systems resources, and with its targets, particularly as regards agency credit ratings.

It performs its duties independently of operational departments. Its operating arrangements, particularly as regards business processes, are set out in the Group Risk Management charter, which was approved by BPCE's Management Board on December 7, 2009. The Risk Management departments of affiliates, parent companies and subsidiaries subject to banking supervision regulations are have strong functional links with the committee. The other subsidiaries report to the Risk Management department on a functional basis.

2.6.2.2.1 Main duties of the Group Risk Management department

- the department helps to prepare the risk policy on a consolidated basis, determines global risk limits, takes part in calculating the economic allocation of capital and ensures that portfolios are managed in accordance with these limits and allocations.
- it helps the Management Board to identify emerging risks, concentrations and other adverse developments, and to devise strategy.
- it defines and implements standards and methods for consolidated risk measurement, risk mapping, risk acceptance approval, risk control and reporting, and compliance with laws and regulations, in accordance with the principles and rules set out by regulations.
- it assesses and controls Group-wide risk levels, and carries out independent analysis as part of the process:
  - it is responsible for ongoing oversight, including detecting and resolving limit violations, and for centralized forward-looking internal and external risk reporting on a consolidated basis, including reporting to regulators),
  - it is responsible for second-tier control of certain processes for preparing financial information (valuation methods, deductions, provisioning, determination of market values),
  - it manages risk information systems in close coordination with IT departments by defining the standards to be applied for the measurement, control, reporting and management of risks. The Risk Management department carries out second-tier controls on the reliability of risk information systems.

2.6.2.2.2 Detailed activities by risk category

1. Credit risk

The Risk Management department is responsible for defining and checking performance. Risk measurement is based on rating systems for some Group institutions that are Basel II-approved or that aim to comply with requirements of Basel regulations, and adjusted to each customer or transaction type.

Decision-making within Groupe BPCE is carried out under a delegated procedural framework with a system of limits (currently being adjusted) relating to each customer group on a consolidated basis(*), and using the principle of independent analysis involving the risk function. There is a right of appeal that can give rise to referral to a higher level of the Credit committee.

The system of delegation within Groupe BPCE and BPCE, the central institution, is approved by the Management Board, after analysis by the Group Risk Management department, and is organized as follows:

- delegation granted to the Group Credit committee;
- delegation granted to the Group Watchlist and Provisions committee;
- delegation granted to the Credit Risk committee dealing with subsidiaries of credit institutions (excluding Natixis);
- delegation granted to specialist Credit committees dealing with the Caisse d'Epargne banks;
- delegation granted to the BPCE Risk Management committee (covering the central body and its sub-holding companies);
- delegation granted to the Credit committees of each subsidiary or affiliate.

In Groupe BPCE, identical internal rating methods are used for the two networks.

Risk Management departments within Groupe BPCE are intended, for the Caisses d'Epargne and former Groupe Caisse d'Epargne subsidiaries, to be ultimately responsible for validating corporate ratings after appraisal by analysts. For counterparties overseen by the Banque Populaire Credit Risk committee, the rating is approved by the committee based on the proposal from the Groupe BPCE Risk Management department.

Risk monitoring within Groupe BPCE looks at the quality of information, which should be compatible with an accurate risk evaluation, and changes in the level of risks taken. Compliance with standards is governed through monitoring of all scopes with internal rating approval, and through monitoring deployed in 2010 across the Caisses d'Epargne retail scope, which does not yet have approval.

The different tiers of control within Groupe BPCE operate under the supervision of the Group Risk Management department, which is also responsible for consolidated summary reporting to the various authorities.

Sensitive matters and the provisioning policy for the main risks shared by several entities are regularly examined by a Watchlist and Provisions committee.

In setting regulatory and internal limits and defining the limit system, the Group Risk Management department examines these limits at the Groupe BPCE level for the Groupe BPCE Risk Management committee. These limits are established according to the type of counterparty, country, economic sector or any other criteria considered relevant, in order to ensure proper control of concentration and residual risk and to comply with rules set by the regulator. If applicable, limits are distributed between Groupe BPCE's various entities by the Group Credit committee.

WORK DONE IN 2009

A major statistical study was carried out to check that the Groupe Banque Populaire's retail probability of default models could be adapted to the Caisses d'Epargne's individual and small-business customer portfolios. The Caisses d'Epargne's Basel II retail project, linked to the approved Basel system, began in April 2010, and the first rating using the Group system was produced on January 18, 2010 (individual and small-business customers of Caisse d'Epargne banks).

A monitoring system for checking Basel standards and the quality of data used in ratings was prepared, for implementation by January 31, 2010. The document database used to manage the Caisse d'Epargne approval process is available to all Caisses d'Epargne.

Change-management assistance has been provided to enable the Caisses d'Epargne to identify the main impact of changes to the Banque Populaire banks' rating system

All committees contributing to risk supervision have been set up, and all have held meetings since BPCE was created. The Group Watchlist and Provisions committee, which is in charge of supervising counterparties, has met every month since September 2009.

The first consolidated regulatory disclosure regarding major risks took place following the September 30, 2009 accounts closing.

Substantial progress has been made in setting up the federal client database, based on the new Group's scope, including details of counterparties with non-retail exposures. This should improve monitoring of limits and make all reporting more reliable.

A plan of action has been put in place to ensure consistency between management and accounting data relating to all exposures.

OUTLOOK

The outlook for 2010 is as follows:

- Risk Management department teams will be combined in a single site in early 2010, reducing operational risk;
- phase 1 of the Caisse d'Epargne retail approval process will be completed;
- Basel standards will be adopted across the scope undergoing approval;
- Groupe BPCE standards will be standardized as regards the watchlist and the regulatory clustering of working groups, a detailed action plan will be defined and the convergence of non-retail standards for the new Groupe BPCE will begin;
- Groupe BPCE's Fermat Gem tool will be rolled out, allowing reporting documents across the new Group's entire scope to be submitted in a single information flow. This project will improve the quality and completeness of credit-risk reporting;
- the regulatory monitoring project regarding counterparty risk will be completed, allowing monitoring of consistent limits for the new Group, both nationally and locally. Within internal limits, Group limits on the main risks are imposed by the appropriate committee. A single set of rules for calculating supervision indicators, taking into account the quality of risk, will also be implemented;
- credit risk stress tests, currently calculated quarterly for the former GBP scope including Natixis, will be extended to the Groupe BPCE scope in 2010.
- non-retail rating drivers will be rolled out;
- work will be done to calculate the ratio at June 30, 2010.

* *"Customer group" means a company made up of subsidiaries.*

2. Market risks

The Group Risk Management department has four principal areas of action:

MEASUREMENT

- determine the principles of market risk measurement, approved by the various Risk Management committees;
- implement the tools needed to measure risk on a consolidated basis;
- produce risk measurements, including those corresponding to market operating limits, or ensure that they are produced as part of the risk process;
- approve appropriate valuation models and performance metrics or ensure that they are approved as part of the risk process. Where models are developed by institutions subject to the Capital Adequacy Directive, it delegates approval of its valuation models to them and receives maps of the approved models along with any approval comments;
- determine policies for reducing values or delegate them to Risk Management departments for institutions subject to the Capital Adequacy Directive, and centralize the information;
- provide second-tier approval of the management results for market activities and approve the central body's treasury valuation methods.

LIMITS

- set up the limit framework and set limits (global limits and, where necessary, operating limits) adopted by the various appropriate Risk Management committees, as part of the independent risk analysis process;
- examine the list of authorized products within institutions not subject to the Capital Adequacy Directive, and the conditions to be complied with, and submit them for approval to the appropriate Market Risk committee;
- harmonize systems for managing the proprietary activities of Banque Populaire and Caisses d'Epargne banks (monitoring indicators, indicator limits, the monitoring and control process, and reporting standards).

SUPERVISION

- enter requests for investments in financial products, in new capital market products or in activities, by banks not subject to the market CAD;
- define second-tier control procedures for market transactions, valuation prices and management results;
- consolidate the mapping of Group risks and establish that of the central body;
- carry out or arrange daily supervision of positions and risks with respect to allocated limits (overall and operational limits);
- set reporting standards;
- organize the decision-making framework for limit violations;
- ensure or oversee the permanent supervision of limit violations and their resolution;
- prepare the consolidated scorecard for the various authorities.

WORK DONE IN 2009

Within the Banque Populaire banks, market risk monitoring tools were rolled out, to prepare risk reports and standardized economic results, making operational use of the market risk database.

The roll-out will be complete when the process of reconciling transactions by institution is finished.

Work began on the market database, which now feeds into the market risk monitoring tool. As part of the creation of BPCE, monitoring of central treasury and refinancing activities from the risk and results point of view has been developed in accordance with regulatory requirements. Specific stress scenarios have been implemented.

Work carried out with BRED on market stress scenarios has led to a common definition with Natixis, allowing a consolidated view and monitoring of market risks based on common stress tests. Reporting on risk monitoring has been enhanced for Caisses d'Epargne and subsidiaries.

OUTLOOK

Work in 2010 will focus on integrating the positions of Banque Populaire banks into the Group VaR measurement tool, with the aim of producing consolidated reporting of market risks (VaR and stress scenarios).

At the BPCE level, counterparty risk calculation and monitoring models will be produced within management tools.

3. Operating risk

The Groupe BPCE Risk Management department helps define the policy for the management of operational risks. Its duties are:

- to establish a risk map based on uniform evaluation standards for the whole Group scope, define operational risk indicators, monitor risk hedging (action plans, business continuity plans, insurance) and manage a database of losses related to confirmed operational incidents. The Groupe BPCE Risk Management department works with the Compliance department on the risks that concern it, and helps establish specific control procedures for the management of operational risks.
- to carry out permanent supervision of risks and, more particularly, report consolidated summaries to the various authorities, perform investigations and analyses of significant major incidents at the Group level and approve and supervise remedial or preventive action plans relating to these major incidents.
- to coordinate risk information systems in close collaboration with IT departments, by defining the standards to be applied for the measurement, control, reporting and management of risks.

WORK DONE IN 2009

The team was strengthened with the creation of a supervision and co-ordination unit comprising five operational risk managers, each in charge of a specific area:

- BPCE;
- Banque Populaire banks;
- Caisses d'Epargne;
- BPCE subsidiaries;
- Natixis and the Real Estate business;

Caisse d'Epargne network:

Existing arrangements were consolidated through:

- standardization work and efforts to adopt best practice as regards both incident management and risk mapping.

  Deliverables consisted of:

  - a standardized catalogue of higher-frequency incidents, including their business description,
  - a standardized catalogue to help with the scoring process, including scenarios, frequency factors and impact factors;
- the dissemination and implementation within Caisse d'Epargne banks of the Groupe BPCE warning procedure relating to operational incidents.

Banque Populaire network:

After completing the roll-out of operational risk management tool ORIX, a single risk database shared by all Group institutions was set up within ORIX in November 2009. All operational incidents must now be entered into this database.

At the same time, Group institutions started a scoring process as part of the new risk mapping procedure, in order to identify the major risks to be supervised by the end of the first quarter of 2010.

A Permanent Control working group was also set up within the Banque Populaire network in 2009, coordinating with the Compliance department. This working group established standards for first- and second-tier controls defined by each institution.

A library of existing controls was also compiled to enable each institution to supplement its control arrangements. Work on setting up common reporting to the central body is ongoing. Finally, several plans of action were coordinated by the department relating to major incidents in the Banque Populaire network, including: audits on low-interest loans to farmers and fraud on notes sent electronically.

As part of its permanent risk supervision role in relation to the Banque Populaire network, the Group Operational Risk department, after a monitoring phase, produces institution-specific and Group reporting documents, which are sent to the senior management and Risk Management departments of each entity.

Coordination of IT systems:

Work was done to automate the quarterly production of COREP regulatory statements (OPR details and OPR loss details) for each Group institution.

As part of the Sequana project, the Operational Risk Management department set up a Group operational risk datamart. This is a data warehouse that stores information on incidents and their impact, taken from the Oris (Caisse d'Epargne) and ORIX (Banque Populaire) loss reporting tools.

OUTLOOK

For 2010, the focus will be on harmonizing practices within Groupe BPCE, as regards standards, databases and operational risk maps. Discussions will also begin about implementing a common tool for the whole Group. The new system for coordinating this business process will also enhance coordination of the operational risk officer network, in order to respond more effectively to Groupe BPCE's operational risk supervision and management requirements. The system will also be extended to BPCE A.

Coordination of IT systems:

Work in 2010 will focus on setting up automatic monitoring in order guarantee the reliability of data, the integration of data from Natixis, the automated generation of consolidated reporting documents (Basel matrix, scorecards) and institution-specific reporting documents, the consolidation of data from the risk-mapping process (scoring, risks to be managed), and the creation of plans of action and indicators.

4. Asset-liability risks

The role of the Risk Management department forms part of the general organization of asset-liability risk management (interest-rate, liquidity and currency risks).

The Financial Risks function performs second-tier controls on these risks.

The Risk Management department validates the assumptions used to measure these risks, including:

- the list of identified risk factors, on- and off-balance sheet risk maps, and economic scenarios;
- back-testing of future production rates and early repayment rates;
- agreed run-off distributions and definitions of authorized instruments as regards asset-liability risk hedging;
- monitoring indicators, reporting rules and frequency of reporting to the balance sheet management committee;
- information reporting agreements and process;
- control standards relating to the reliability of measurement systems, procedures for setting limits and for managing limit violations, and the monitoring of action plans.

The Risk Management department makes ALM[1] limit requests. It validates the stress scenarios submitted to the balance sheet management committee. It defines stress scenarios to supplement Group stress scenarios if required.

The Financial Risk function checks:

- that indicators comply with the standards adopted by the balance sheet management committee;
- that limits are complied with, based on required disclosures;
- that risk-mitigation action plans are implemented.

These duties are assigned to each entity's risk process as regards its own scope, and the Group Risk Management department at the consolidated level.

Each entity formalizes controls within reporting arrangements for second-tier controls, including:

- the quality of the risk management system;
- limit compliance and monitoring of remedial action plans in the event of limit violations;
- analysis of changes in the balance sheet and in risk indicators.

WORK DONE IN 2009

Several major projects were undertaken. Workshops were held for Group institutions by the Group Finance department, and were attended by the Group Risk Management department, in order to create a Groupe BPCE ALM manual.

This manual sets out the management and reporting rules adopted by Groupe BPCE as regards asset-liability management. It applies to all Group retail banking institutions. ALM data from Natixis have been integrated into BPCE's ALM software in order to enhance the analysis of Natixis' interest-rate and liquidity risks. The ALM Risks unit has validated the delta-equivalent method, which gives a more detailed view of interest-rate risk as regards optional items on the balance sheet (home purchase savings, early repayments and options).

(1) ALM: Asset and Liability Management.

OUTLOOK

In the first half of 2010, a Group ALM Risk manual, shared by both networks, will be produced: The aim is to define measurement, control and second-tier reporting standards for ALM risks.

The ALM Risks unit, in conjunction with the consolidated IT project on risks, has initiated a project intended to produce specific reporting and control indicators independently of the Finance business process.

The ALM Risk unit will take part in setting up the advanced liquidity management model, which will be rolled out across Groupe BPCE.

In the second half of 2010, work on selecting the Group ALM tool will begin. Currently, BPCE and the Caisse d'Epargne banks use Fermat ALM, while the Banque Populaire banks use QRM.

5. Technical risks related to insurance activities

The Group Risk Management department monitors technical risks for employee benefit contracts, borrower guarantees and guarantees. Risk frameworks have been set up within subsidiaries (CNP and Natixis) to measure, provision then reinsure risks relating to liabilities underwritten as well as to regularly monitor the profitability and value of portfolios.

OUTLOOK

An insurance risk map will be drawn up in 2010 covering the scope of Groupe BPCE.

6. Intermediation risk

Intermediation risk is supervised at the central institution level by a system for monitoring transactions that have not yet been adjusted or closed out. Natixis (Eurotitres) is in charge of intermediation activity, and supplies the necessary data to the central body for controlling and monitoring this risk.

7. Settlement/delivery risk

Customer orders for financial instruments are transmitted to the central institution, which has access to technical support from Natixis (Eurotitres) for securities custody and account-keeping services, as well as reception and transmission services.

BPCE uses regular audit checks and reporting to ensure that its subsidiary (Natixis), responsible for securities custody and account keeping, complies with the applicable regulations and procedures in this area.

2.6.2.2.3 Risk governance authorities

Risk Management committees at the Groupe BPCE level, of which the Risk Management department is a crucial component, control risk-taking and perform periodic, pro-active assessments of the various issues relating to the amount and structure of risks taken.

The main committees – chaired by a member of BPCE's Management Board, a Chief Executive Officer of a Banque Populaire bank or a Chairman of the Management Board of a Caisse d'Epargne – that cover the Group, the central institution, the Banque Populaire network and the Caisse d'Epargne network, are as follows:

1. Groupe BPCE Risk Management committee: umbrella committee

Its scope covers the entire Group (central institution, holding companies, networks and all subsidiaries). It sets the broad risk policy, decides on the global ceilings and limits for the

Group and for each institution, validates the delegation limits of other committees, examines the principal risk areas for the Group and for each institution, and approves risk action plans for the measurement, supervision and management of risk, as well as the Group's principal risk standards and procedures. It monitors limits (Regulation 97-02, Art. 35), particularly when global limits are likely to be reached (Regulation 97-02, Art. 36).

Global risk limits are reviewed at least once a year and presented to the Risk Management committee (Regulation 97-02, Art. 33). The Group Risk Management committee proposes criteria to the Risk Management committee for identifying incidents to be brought to the attention of the governing body (Regulation 97-02, Art. 38-1 and 17 ter). It notifies the Risk Management committee twice a year of the conditions under which the limits set were respected (Regulation 97-02, Art. 39).

1-1 BPCE RISK MANAGEMENT COMMITTEE: COMMITTEE DEALING WITH THE CENTRAL BODY AND HOLDING COMPANIES. IT COVERS ALL TYPES OF RISKS

As regards credit risks, it carries out prior validation of the central treasury's counterparty limits and of all commitments made by the central body and holding company. As regards market risks, the committee has responsibility for authorizing products and limits relating to the central body's central treasury and proprietary trading activities (ex-BFBP and ex-CNCE) placed under holding companies, and for reviewing limit compliance and the financial results of the treasury and proprietary portfolio activities of BP Participations and CE Participations.

As regards operational and compliance risks, it validates the operational risk map and action plans within its scope. It reviews loss and incident reporting.

1-2 CREATION OF A GUARANTEE MONITORING COMMITTEE (CSG)

This committee decides all matters relating to the system for protecting workout portfolio assets. Its duties include:

- monitoring the proper application of the guarantee system, and considering all decisions and projects referred to it by the Workout Asset Management committee (CGAC), which may affect the guarantee mechanism and/or the obligations of Natixis or BPCE;
- reviewing quantitative data relating to the protection system for the relevant accounting period at each Natixis accounts-closing;
- carrying out arbitrage in accordance with the guarantee agreement;

- validating Natixis' strategic decisions to be implemented by CGAC, including its risk policy, as regards workout portfolios, and ensuring that they are complied with;
- taking decisions and determining the consequences of accounting reclassifications and, more generally, all changes to applicable accounting and prudential rules;
- periodically valuing the call granted to Natixis;
- validating changes in valuation methods for assets covered by the Guarantee, including any shift from "mark-to-market" to "mark-to-model" and vice-versa;
- determining arrangements for the onward invoicing of management fees relating to assets covered by the financial guarantee;
- analyzing disposals, substitutions and changes of control that have a material impact on the Guarantee, and defining rules for selling assets covered by the financial guarantee, including the level of authority given to traders;
- being the referral body for all difficulties relating to the Guarantee.

The CSG meets every quarter, and may meet monthly during the establishment period. It can also be convened immediately if circumstances require.

To be able to perform its duties correctly, it periodically receives the information it needs, along with information about issues dealt with by other committees that relate to the protection system or guaranteed assets.

1-3 WORKOUT ASSET MANAGEMENT COMMITTEE (CGAC)

This committee replaces Natixis' Workout Portfolio Risk committee. The aim is for BPCE representatives to have greater involvement in the committee's decision-making, and for BPCE, as regards certain issues relating to the protection system or guaranteed assets, to exercise a right to request that a decision be subject to approval by the Guarantee Monitoring committee.

The CGAC is the new steering and monitoring body for all risks relating to activities transferred to the workout portfolio, as regards both counterparty and market risks.

Decisions are taken by the Chairman of CGAC (the Chief Executive Officer of Natixis) when discussions have been concluded.

When decisions have a financial impact or pose specific risks for BPCE due to the protection system, BPCE representatives may ask for the matter to be referred to the Guarantee Monitoring committee before a decision is taken.

The CGAC meets at least once a month. Natixis' Risk Management department and Finance department, along with BPCE representatives, are able to add relevant issues to the CGAC's agenda.

1-4 LOCAL COMMITTEES FOR MANAGING ASSETS CARRIED BY US, UK AND LUXEMBOURG STRUCTURES

These committees deal with matters regarding guaranteed assets carried within their jurisdiction. These matters relate to Natixis workout assets managed in the USA, Luxembourg and the UK. BPCE representatives take part in these committees. However, CGAC may look at matters beforehand and formulate recommendations. These local committees are chaired by the Chief Executive Officers of the entities in question, who make decisions after the matters have been debated. The committees' decisions cannot be deferred.

2. Credit risks

GROUP CREDIT COMMITTEE

This committee sets limits relating to counterparty groups common to several entities of Groupe BPCE, sets individual limits for a group of counterparties over a certain threshold, and makes credit decisions for loans over the authorization threshold of Caisse d'Epargne banks' lending committees and of subsidiaries' Credit Risk committee. Its scope covers the entire Group (central body, networks and all subsidiaries). *Meetings are held at least once every three months.*

BANQUE POPULAIRE CREDIT RISK COMMITTEE

This committee is responsible for reviewing ratings of credit files above a certain threshold, reviewing reports on credit risk, monitoring reports and sector analyses relating to the Banque Populaire network and approving in advance syndications proposed to the Banque Populaire network. *Meetings are held monthly.*

CAISSE D'EPARGNE CREDIT RISK COMMITTEE

This committee has the same responsibilities as the committee described immediately above, and also makes advance decisions on certain transactions depending on their type. *Meetings are held every three months, and then quarterly.*

CREDIT RISK COMMITTEE DEDICATED TO SUBSIDIARIES OF CREDIT INSTITUTIONS (EXCLUDING NATIXIS)

This committee makes advance decisions regarding any matter exceeding the authorization threshold of any entity. Above a certain threshold, decisions are referred to the Group Credit committee. *Meetings are held weekly.*

GROUP WATCHLIST AND PROVISIONS COMMITTEE

This committee makes monthly decisions – and quarterly decisions for securitizations, funds and private equity – regarding counterparties joining or leaving the watchlist, beyond a certain consolidated threshold, and examines Group-level provisions on a quarterly basis. This committee also deals with the watchlist and provisions of the central institution. *Meetings are held monthly.*

3. Market risks

Group decisions regarding market risks are taken by the following committee, which refers new products and capital market activities to the Group New Products committee.

GROUP MARKET RISK COMMITTEE

For institutions subject to the CAD and above a certain threshold, the committee is involved in after-the-event risk supervision through checks to monitor limit usage, excesses and changes to limits, and through daily mark-to-market calculations.

For institutions not subject to the CAD or whose activity is lower than the aforementioned threshold, the committee is involved at a higher level in analyzing product-related risks. It sets operational intervention limits (qualitative and quantitative conditions and limits), reviews the limit framework every year or more frequently if necessary, and carries out regular compliance monitoring of the limits. *Meetings are held every six weeks.*

GROUP NEW PRODUCTS COMMITTEE

This committee provides prior validation of new capital market products in the portfolios of institutions not subject to the CAD. Before the products are traded or initiated, it defines the conditions for using new financial products and for launching new financial activities by BPCE affiliates within their portfolio. The committee has responsibility for all Group entities within the scope of its financial activities. *Meetings are held as and when required.*

4. Operational risk

GROUP OPERATIONAL RISK COMMITTEE

This committee is responsible for operational risk mapping, action plans, and the supervision of losses and incidents at the consolidated level. Meetings are held every three months.

5. Standards and methods

STANDARDS AND METHODS COMMITTEES DEALING SPECIFICALLY WITH THE BANQUE POPULAIRE AND CAISSE D'EPARGNE NETWORKS

This committee is responsible for defining common methodological, measurement, control and reporting standards for credit, ALM, market and operational risks to be applied within the Group, and for defining and validating common models and backtesting procedures for each institution. It covers all group entities.

During the transitional period, these committees are responsible for approving standard measurement, control and reporting methods for market and ALM credit and operational risks, approving backtesting procedures for banks, and updating and circulating risk benchmarks to be applied in the two networks. *Meetings are held every two months.*

6. IT system

GROUP IT RISK COMMITTEE

This committee has the authority to approve and decide on budget allocations and priorities of all risk projects with an IT component, such as the IT risk convergence plan, and oversees their progress, at the Group level. It also approves the solutions to be put in place by Natixis and other subsidiaries to enable the central body to monitor consolidated risks. Representation of IT departments ensures that issues relating to the technical architecture of IT systems are fully taken into account.

IT RISK COMMITTEE – BANQUE POPULAIRE NETWORK

During the transitional period, this committee deals with budget allocation, priorities and progress monitoring relating to risk projects with an IT component within the Banque Populaire scope.

Meetings are held every two months. IT Risk committee – Caisse d'Epargne network. Meetings are held every two months.

This committee has the same responsibilities as the above committee, but covering the Caisse d'Epargne scope

7. ALM – New products (customers)

ALM risk is managed by joint committees organized by the Group Risk Management department and the Group Finance department.

7-1 ALM

Group ALM committee

This committee meets every quarter and examines, on a consolidated basis, the Group's structural risks and those of the Group's various entities, along with movements in the balance sheet.

It defines the structural risk limits of the Group and its institutions, before they are put forward for validation by the relevant risk committees.

It ratifies ALM agreements (separation of the banking book from the trading book, authorized instruments, run-off distributions, etc.).

It validates the organization for producing risk and ALM indicators.

It receives, from the various institutions, refinancing and investment forecasts, depending on their expected requirements.

It examines strategies for managing these risks and, if appropriate, proposes best practice for Group institutions. The committee meets at least once per year.

Retail banking ALM committee

This committee meets quarterly and organizes the ALM processes for commercial banking. It establishes run-off agreements and organizes models to measure global currency, interest-rate and liquidity risks for the Group in relation to assets and liabilities without contractual maturities, as well as assets and liabilities with contractual maturities for the networks.

It is also responsible for the consolidation of network indicators, examines network risk indicators and may, if necessary, provide recommendations in the area of risk management. Meetings are held every three months.

BPCE ALM committee

This committee meets every month, and examines the structural risk indicators of BPCE A, BP Participations, CEP Participations and refinancing vehicles.

It defines BPCE A's structural risk limits if they are more ambitious than those contained in the Group ALM manual.

It works with affiliates to validate the pricing of liquidity. It ratifies ALM arrangements (separation of the banking book from the trading book, authorized instruments, run-off distributions, etc.) specific to BPCE A.

It examines strategies for managing these risks. Meetings are held monthly.

7.2 TREASURY

Group Treasury committee

This committee validates the general treasury operating procedures, and ensures that BPCE's treasury has the resources to fulfill its role in guaranteeing Group liquidity. It keeps BPCE's credit quality in line with that of the Group's other entities. The committee meets every six months.

Affiliates' Treasury committee

This committee is a forum for the exchange of information and suggestions regarding treasury operations. It may issue proposals that may be approved by the Group Treasury committee. The committee meets every six months.

Central body Treasury committee

This Business-Line committee approves operational treasury strategies for the central institution. Meetings are held monthly.

2.6.2.2.4 Operating procedures

The Groupe BPCE Risk Management department handles its duties as a business process. It ensures that the risk policies of the affiliates and subsidiaries comply with those of Groupe BPCE.

Risk Management departments set up in the parent companies report to it through a strong operational reporting line and have a hierarchical reporting line to the executive body.

This strong operational link is stronger in the case of subsidiaries subject to the banking supervision regulatory framework. The subsidiaries concerned include Natixis, Crédit Foncier de France (CFF), Banque Palatine, Financière Océor and Société Marseillaise de Crédit (SMC).

Risk Management departments of subsidiaries not subject to the banking supervision regulatory framework have a functional reporting line to Groupe BPCE's Risk Management department.

Risk Management departments within parent-company affiliates

- In the case of parent-company affiliates, the strong operational link means that:
  - the appointment or the termination of the Senior Executive Vice-President, Risk Management, of the parent-company affiliate depends on the approval of the central body's Senior Executive Vice-President, Risk Management. This formal agreement is based on an examination of the candidate's skills and professional experience;
  - the Group Senior Executive Vice-President, Risk Management, is kept informed about the appointment or termination of Senior Executive Vice-Presidents, Risk Management of indirect subsidiaries;
  - the letter appointing the Senior Executive Vice-President, Risk Management of a parent-company affiliate, with a job description attached, must comply with the model prepared by DRG (Risk Management department) in accordance with executive management, and must be sent to DRG;
  - common standards are applied within entities;
  - permanent reporting and the process of warning the Group Senior Executive Vice-President, Risk Management are effective;
  - the Group Risk Management department, working with the entities concerned, carries out subsequent validation of risk charters, as well as risk delegation systems, and ensures that they are implemented as framework procedures. In doing this, it works with the Risk Management department of the entity concerned. It consolidates all sensitive and contentious files.

Parent-company affiliates are responsible for the definition, monitoring and management of their levels of risk, as well as the production of reports and data feeds to be sent to the central body Risk Management department by ensuring the quality, reliability and completeness of the data enabling risks to be controlled and monitored at the company level and on a consolidated basis.

Risk Management departments within subsidiaries subject to banking supervision regulations

- The strong hierarchical operational link, which is stronger in the case of subsidiaries subject to the banking supervision regulatory framework, is achieved as follows:
  - the appointment or the termination of the Senior Executive Vice-President, Risk Management, of the parent-company affiliate depends on the approval of the central institution's Senior Executive Vice-President, Risk Management. This formal agreement is based on an examination of the candidate's skills and professional experience. The Group Senior Executive Vice-President, Risk Management, is kept informed about the appointment or termination of Senior Executive Vice-Presidents, Risk Management of indirect subsidiaries;
  - the Group Senior Executive Vice-President, Risk Management, takes part in the annual appraisal of the Senior Executive Vice-President, Risk Management;
  - common standards are prepared for all entities;
  - the Group Risk Management department must receive permanent reporting documents and warnings;
  - duties are assigned to the entity's Senior Executive Vice-President, Risk Management by the Group Senior Executive Vice-President, Risk Management, and possibly by the bank's executive management in the form of an engagement letter;
  - the BPCE Risk Management department, in collaboration with the entities concerned, approves risk maps in advance and turns them into procedural frameworks in compliance with Group standards, carries out prior examination of systems used to delegate risks with a view to their approval by the Group Risk Management committee, and consolidates all sensitive and contentious files;
  - all increased-risk and contentious files are reported to the Group Risk Management department;
  - the Group Risk Management department is a member of committees involved in the risk management process, and it has a right of appeal to the competent Group committee.

Entities are responsible for the definition, monitoring and management of their levels of risk, as well as the production of reports and data feeds to be sent to the Central Institution Risk Management department, by ensuring the quality, reliability and completeness of data enabling the control and monitoring of risks at the company level and on a consolidated basis.

Risk Management departments of subsidiaries not subject to banking supervision regulations

- The functional link for the subsidiaries not subject to the banking supervision regulatory framework includes the following arrangements:

- the appointment or the termination of the Senior Executive Vice-President, Risk Management, of the subsidiary depends on the approval of the central body's Senior Executive Vice-President, Risk Management. This formal agreement is based on an examination of the candidate's skills and professional experience. The Group Senior Executive Vice-President, Risk Management, is kept informed about the appointment or termination of Senior Executive Vice-Presidents, Risk Management of indirect subsidiaries;
- the annual performance appraisal and career progress of the Group Senior Executive Vice-President, Risk Management is sent to the Group Senior Executive Vice-President, Risk Management by his/her hierarchical superior within the entity;
- common standards are prepared for all entities;
- the Group Risk Management department must receive permanent reporting documents and warnings.

The Group Risk Management department, in collaboration with the entities, has access to operational risk standards and procedures established by the entities, along with the entities' system of delegated risk authorities and all their sensitive and contentious files. This type of organization is duplicated in the subsidiaries and affiliates which themselves are parent companies.

2.6.2.2.5 Integration of Natixis into the risk management process

Natixis, as a subsidiary, is integrated into the Groupe BCPE risk management process in accordance with the general principles stated above.

A Group Standards and Methods committee, chaired by the Group Senior Executive Vice-President, Risk Management, is authorized to approve the design of these risk evaluation methods for joint pooling, notably in relation to Basel regulatory capital requirements. It decides on the recalibration of joint models after backtesting and approves the models and charts to be applied in the Group. More generally, the committee defines common standards to be applied within the Group. In this regard, the risk management units of the subsidiaries concerned are involved as required. Natixis' Risk Management department is invited to attend Group Standards and Methods committee meetings.

The Group Risk Management department is a member of the following Natixis committees: Natixis Group Risk Management committee, Natixis Group Market Risk committee, New Products and Activities committee, Natixis Group Credit Committee and the Watchlist Counterparty committee. The Group Risk Management department may exercise a right of appeal to the competent BPCE Risk committee regarding decisions taken in Natixis committees.

Natixis participates as and when necessary in the Group IT Risk committee that decides the requirements and resources implemented by Natixis to enable the central body to perform its risk monitoring on a consolidated basis.

2.6.2.3 COMPLIANCE

The Compliance function takes part in Groupe BPCE's permanent control activities. It is organized as a business process, including all Compliance functions, as defined in the Groupe BPCE Compliance Charter, that exist within Groupe BPCE companies and that have dedicated resources.

The companies concerned are BPCE affiliates, the direct and indirect subsidiaries of these affiliates, EIGs, direct and indirect subsidiaries of BPCE and BPCE itself. Subsidiaries are all companies over which affiliates or BPCE have, directly or indirectly, sole or joint control, and that as a result form part of the scope of consolidation.

They include the BP Participations and CE Participations holding companies, as well as their direct and indirect subsidiaries.

2.6.2.3.1 Group Compliance: objectives, area of activity and scope of intervention

1. Objectives

Compliance provides permanent second-tier controls which, in accordance with Article 5a of Regulation 97-02, include checking that the operations and internal procedures of Groupe BPCE companies comply with laws, regulations, professional standards and internal standards applicable to banking, financial and insurance activities, in order to:

- prevent the risk of non-compliance as defined in Article 4p of CRBF Regulation 97-02, as "the risk of legal, administrative or disciplinary sanction, financial loss or an attack on the reputation arising from non-compliance with provisions applicable to the banking or finance activities, whether these are of a legislative or regulatory nature, or they relate to professional standards and ethics or instructions from the executive body taken, notably, pursuant to orientations of the governing body";
- safeguard Groupe BPCE's image and reputation with its customers, staff and partners.

As part of this effort, Compliance performs all tasks that support the compliance of operations carried out within Groupe BPCE's companies, affiliates (including the Caisse d'Epargne and Banque Populaire parent companies) and subsidiaries, ensuring that the interests of its customers, staff and partners are respected at all times.

Compliance is responsible for ensuring the consistency of all compliance controls, with each operational or control unit retaining responsibility for the compliance of its activities and operations.

2. Main duties in each business area

The main duties of Groupe BPCE's Compliance process lie in the following areas:

FINANCIAL MARKET ETHICS AND COMPLIANCE WITH PROFESSIONAL STANDARDS

This includes the ethical aspect of financial activities, as defined by the AMF's general regulations and, more broadly, the prevention of conflicts of interest, ensuring the primacy of customer interests, compliance with market rules and professional standards in the banking and financial sectors, and regulations and internal standards regarding business ethics. It includes oversight of investment departments and the operating procedures of investment services supervisors (RCSIs).

FINANCIAL SECURITY

This includes the prevention and supervision of financial crime, including the prevention of money laundering, the prevention of terrorist financing, compliance with embargos and the prevention of internal and external fraud. It includes the operating procedures of Tracfin correspondents.

BANKING COMPLIANCE

This covers compliance with all other laws and regulations in the banking and financial field, and includes the co-ordination of regulatory watch activities across all Groupe BPCE companies, the dissemination of standards, the implementation of processes for approving new products distributed within Groupe BPCE and the content of compliance training.

PERMANENT COMPLIANCE CONTROL

In coordination with the Risks business process, this includes implementing a system for managing non-compliance risks, including analyzing and coordinating the results of permanent controls on non-compliance risks.

COORDINATED OPERATING PROCEDURES

This includes the preparation of reporting documents for regulators and internal reporting documents, the preparation of committees coordinated by or involving Compliance, and Compliance management reviews. These efforts help to ensure that the updating of non-compliance risk maps forms part of the risk mapping process overseen by the operational risk process.

Compliance is also the main contact for France's financial market authority, the AMF-ACP unit for coordinating marketing controls, CNIL, DGCCRF and equivalent foreign authorities. Compliance interacts with the *Commission bancaire* and equivalent foreign authorities on matters under its responsibility. As a second-tier permanent compliance control function, Compliance maintains close relations with all functions involved in performing internal control within Groupe BPCE: Internal Audit, Risk Management department, IT Systems Security department, Audit department.

Since the two holding companies BP Participations and CE Participations do not have their own staff, Compliance control is delegated to BPCE's Group Compliance and Security department (DCSG), in accordance with Article 7.5 of the aforementioned Regulation 97-02.

SECURITY AND BUSINESS CONTINUITY

The Group security and business continuity department is part of BPCE's Group Compliance and Security department, and performs its tasks independently of operational departments. These tasks involve:

- security of people and property:
  - coordinating the security of Group people and property,
  - managing the people and property security process within Groupe BPCE,
  - overseeing compliance with legal and regulatory provisions relating to the security of people and property,
  - participating in Groupe BPCE internal and external bodies;
- business continuity:
  - coordinating Group business continuity,
  - implementing the BPCE continuity plan,
  - coordinating Group crisis management,
  - coordinating the implementation of the Group Business Continuity Plan, and keeping it in operational condition,
  - leading the Group business continuity process,
  - ensuring compliance with regulations as regards business continuity,
  - participating in the Group's internal and external bodies,
  - managing information security within the Group.

2.6.2.3.2 Group Compliance: organizational principles

To ensure its independence, Compliance, as distinct from the other internal control processes, must be independent of all functions performing commercial, financial and accounting operations.

Dedicated Compliance teams form a Compliance department, which reports hierarchically to the Chairman of the Management Board or to the Chief Executive Officer of each Groupe BPCE institution. Where the Compliance Officer does not report to the Chairman of the Management Board or the Chief Executive Officer, he reports to the Senior Executive Vice-President, Risk Management.

The Senior Executive Vice-President, Risk Management and Compliance reports hierarchically to the Chairman of the Management Board or the Chief Executive Officer.

The Compliance Officer is responsible for the Compliance process. For Groupe BPCE companies with the status of credit institution or investment company under French law, the Compliance Officer's name is notified to the Office of the Secretary General of the *Commission bancaire* by BPCE, and the supervisory body, Board of Directors or Supervisory Board is informed of his/her identity.

1. Role allocated to BPCE by the act of June 18, 2009

Article 1 of the act that established BPCE gave the central body responsibility for organizing internal control. The article states that the central body is in charge of:

"7) defining the principles and conditions for organizing the internal control mechanism of the Group and each of its networks, as well as controlling the organization, management and quality of the financial position of affiliated entities, including through onsite checks in connection with the scope of intervention defined in paragraph 4 of Article L. 511-31;"

In this context, the scope of Groupe BPCE means that several levels of action and responsibility have been identified, within the Compliance process, to supplement the specific organization principles:

- BPCE as central institution, for its own activities and on behalf of the CE Participations and BP Participations holding companies;
- its affiliates, including the Caisse d'Epargne and Banque Populaire parent companies;
- its subsidiaries, including Natixis.

2. Organizational principles at the BPCE level (as company and central institution)

The organization of BPCE's Group Compliance and Security department (DCSG) forms part of the principles set by CRBF Regulation 97-02 as amended, the general regulations of France's financial market authority and by the act that established BPCE.

DCSG reports to the Chairman of the Management Board, and performs its duties independently of operational departments. DCSG includes five divisions with Compliance activities:

- ethical compliance, including BPCE's investment services supervisor(s) (RCSIs);
- financial security, including BPCE's Tracfin correspondent(s);
- banking compliance;
- organization and oversight of permanent compliance controls;
- coordination and organization of the Compliance process.

The head of DCSG is the head of permanent non-compliance risk controls within the meaning of Article 11 of Regulation 97-02, at the level of both the central body and Groupe BPCE.

The head of DCSG is assisted by a Group Compliance committee. This committee, chaired by the head of DCSG, meets five times a year, and includes the Senior Executive Vice-President, Legal Affairs, Natixis' Compliance Officer, Crédit Foncier de France's Compliance Officer and four Compliance Officers from parent companies (two from the Caisse d'Epargne network and two from the Banque Populaire network), appointed on a rolling annual basis. This Consultation committee issues opinions on standards and methods.

DCSG handles its duties as a business process. In this regard it performs an orientation and motivation role with respect to Compliance Officers in affiliates and subsidiaries.

The Compliance Officers appointed by the various affiliates, including the Caisse d'Epargne and Banque Populaire parent companies, and direct subsidiaries covered by the regulatory system of banking and financial supervision, report to the committee through a strong operational link.

DCSG performs all actions to strengthen compliance throughout Groupe BPCE, including within the BPCE company, within the two holding companies specific to subsidiaries and the operational activities retained by the Groupe Banque Populaire (BP Participations) and by the Groupe Caisse d'Epargne (CE Participations). Since these two holding companies do not have any staff of their own, the Compliance function is delegated to BPCE, in accordance with Article 7.5 of the aforementioned Regulation 97-02. Permanent compliance controls for these holding companies are performed by DCSG. Within the BPCE company, compliance is performed by a dedicated team within the Ethics and Compliance department.

Compliance involves promoting a culture of risk management and taking into account the legitimate interests of clients, and this is achieved mainly through staff training.

As a result, DCSG:

- devises the content of training materials used by Compliance;
- manages interaction with the Group HR department;
- trains Compliance staff, including through specialist annual seminars (financial security, ethics and compliance, banking compliance, and co-ordination of permanent compliance controls);
- trains Compliance Officers through appropriate courses.

3. Company-level organizational principles

Among affiliates, particularly the Caisse d'Epargne and Banque Populaire parent companies, and among direct subsidiaries like Natixis, the Compliance Officer reports hierarchically to the Chairman of the Management Board, the Chief Executive Officer or the Senior Executive Vice-President, Risk Management and Compliance.

The standard organization of a department or entity in charge of Compliance includes at least two units specializing in each area (see section 1.2) relating to:

- ethical compliance, with the investment services supervisor (RCSI);
- financial security, with the Tracfin correspondent(s) and reporting officer(s).

The department or entity in charge of Compliance also designates one or more staff to be DCSG's correspondent in the following areas:

- banking compliance;
- permanent compliance control.

Each Groupe BPCE company has its own committee in charge of "systematic prior approval of new products and material changes to existing products" within the meaning of Article 11-1 of Regulation 97-02.

Products marketed by a single company fall within this committee's jurisdiction. When any new product or process is launched, the company's Compliance function reports simultaneously to DCSG, and to the Compliance function of the parent company if applicable, about compliance with procedures in force for launching these products or processes. The minutes of these committee meetings are sent to DCSG.

As regards staff training, the department or entity in charge of compliance:

- supports training initiatives undertaken by BPCE;
- ensures that staff sign up to BPCE seminars;
- supplements training provided by Compliance on a local basis.

As stated in the Group's internal control charter, the other functions in charge of permanent control (Audit, RSSI, RPCA) may be placed under the functional supervision of a permanent control officer, such as the Senior Executive Vice-President, Compliance.

2.6.2.3.3 Participation in the Group's governance bodies

Groupe BPCE Risk Management committee

The Head of DCSG is invited to take part in meetings of the Groupe BPCE Risk Management committee.

Groupe BPCE new product and process approval committees

Two committees (one for each distribution network) are in charge of "systematic prior approval of new products and material changes to existing products" within the meaning of Article 11-1 of Regulation 97-02.

The scope of products dealt with by this committee includes all Group products sold to customers of each of the networks, whenever the product is marketed by two or more affiliates and/or subsidiaries. In making decisions, the approval committee considers written opinions sent by the Head of DCSG, who takes part in the committee meeting.

Commercial Process Validation committees

DCSG takes part in these committees (one per distribution network), which approve marketing methods for authorized products, whichever channel is used (distance selling or direct selling *via* branches).

This set-up is identical within each Groupe BPCE company.

DCSG is also regularly informed about:

- all general policy decisions that alter the organization or procedures;
- projects relating to the introduction or modification of systems or products.

2.6.2.3.4 Work done in 2009 and outlook

Groupe BPCE is the result of a merger between Groupe Banque Populaire and Groupe Caisse d'Epargne, whose organizations may differ as regards Compliance. As a result, the organizational principles in Groupe BPCE's compliance charter represent a target to be attained collectively by 2011. These principles guide Compliance staff in their work. Several related projects were launched in late 2009 or will be launched in 2010:

- The former Groupe Banque Populaire and Groupe Caisse d'Epargne each had a collection of compliance standards that they made available to the banks of each group. A project to merge these standards was begun when BPCE was formed so as to have a common reference base in 2010.
- A "framework of procedures applicable to Groupe BPCE entities" regarding the prevention of money laundering and terrorist financing was updated in February 2010 to take into account the transposition of the third European directive. The framework defines general rules governing money laundering and terrorist financing risk recognition, internal organization, know-your-customer arrangements, supervision and examination of transactions, reporting, archival, exchange of information, confidentiality and training. The framework is a set of rules and guidelines that are common to all entities forming part of Groupe BPCE.
- As regards non-compliance risk mapping methods: a project to merge non-compliance and operational risk-maps began in conjunction with the Group Risk Management department in late 2009.
- Discussions have been held about merging anti-money laundering tools.
- Compliance controls in each of the former groups are being maintained and enhanced ahead of a convergence project covering permanent

controls on compliance and operational risks, which will begin with the Group Risk Management department in 2010.

- In 2009, the Caisse d'Epargne network decided to use Natixis' securities processing unit (Natixis Eurotitres/Défi application), which was already used by the Banque Populaire network. The Group Compliance and Security department (DCSG) is playing an active role in this project, which is very important for controls carried out by investment services supervisors (RCSIs).

As regards security and business continuity, Groupe BPCE has strengthened its organization for protecting the security of people, property and essential activities, including in the event of extreme shocks. Staff responsible for the security of people and property and staff responsible for the BCP (business continuity plan) are coordinated by BPCE's Group Security and Business Continuity department.

BCPs are enhanced using joint projects, in order to keep them in full operational condition and to make them more effective. Business continuity solutions are developed to address generic incident scenarios. Their validity is ensured through regular reviews and tests, which raise awareness among the various staff affected, but also gauge the appropriateness of back-up resources and associated procedures.

In 2009, companies focused their efforts on addressing flu pandemic risks, putting in place protection resources, an organization and a regular communication system, in order to deal with the spread of the pandemic.

As regards the security of people and property, there was a 48.25% reduction in armed theft at the Banque Populaire banks in 2009, and a 13.3% reduction for the Caisse d'Epargne banks relative to 2008. Attacks on ATM replenishment staff increased in 2009. These attacks prompted increase vigilance and reinforced security procedures and equipment.

2.6.2.4 OTHER PERMANENT CONTROL FUNCTIONS

2.6.2.4.1 Management of legal risks

1. Duties

The Legal department has responsibility for the prevention and management of legal risks and Group-level legal risks. It is also involved in the prevention of reputational risks. In this regard it helps to manage the legal risks arising from the activities of the central body and Group entities.

To discharge its responsibility, it operates by providing legal and regulatory oversight, information, assistance and advice for the benefit of all Group institutions.

Together with the Compliance department, it is also involved in ensuring the consistency and effectiveness of controls on non-compliance risks relating to laws and regulations specific to its banking and finance activities.

Finally, the Legal department represents the Group with respect to the regulatory authorities, and national and international organizations, in all its fields of expertise.

The Legal department exercises its role independently of the Operational departments.

2. Organization

The Group Legal department is in permanent contact with the Legal departments of Group institutions, on all matters relating to the aforementioned duties. It ensures ongoing dialogue and interaction between the Group's legal officers, and maintains up-to-date documentation for their benefit. The Group Legal department coordinates the Group's legal and litigation policy. The Groupe BPCE Legal department handles its duties as a business process.

It ensures that the various Group affiliates or subsidiaries involved in banking, finance, insurance or real-estate activities have access to a legal function suited to their recurring business needs.

With the exception of Natixis, for which there is a direct functional link, the Legal department operates through operational links, organized mainly through training and coordination initiatives between the central body and the various affiliates or subsidiaries.

3. Work done in 2009

Work done in 2009 focused mainly on:

- the merger of the two central bodies, the creation of two holding companies for equity interests, including all legal and regulatory aspects including obtaining approval from French and foreign banking authorities;
- and the creation of a Group Legal department shared by the Banque Populaire and Caisse d'Epargne networks, the simplified organization of which is described below.

4. Organization details

The Legal department has been organized into two segments, *i.e.* a "banking law" segment and a "regulation and corporate" segment, together with a cross-discipline information-processing and support unit. The aim is to have a Legal department capable of fulfilling its duty to provide legal advice to BPCE as an entity, and to act as a Legal department for the Group and its various components, with the aim of ensuring maximum security.

The duties of the "banking law" segment include general legal watch activities. These mainly relate to work done by industry groups (FBF, etc.), which are tasked with preparing, explaining and negotiating new texts of all types that apply to the profession. The segment is also in charge of defining and drafting legal standards applicable to Groupe BPCE banks following changes in these texts. The "banking law" segment provides legal advice and assistance to the whole Groupe BPCE in the fields of banking, real-estate and insurance. It monitors and protects trademarks, licenses and development matters, and negotiates, drafts and updates contracts with suppliers. It manages strategic litigation for Groupe BPCE, handles criminal matters and co-ordinates litigation at the national level.

The missions of the "regulation and corporate" segment cover company law. The segment handles corporate functions for Groupe BPCE entities, as well as legal watch activities, disclosure, support and advice regarding institutional and corporate issues affecting Groupe BPCE companies and organizations, including activities as part of projects involving company formation, restructuring, mergers and partial asset transfers. The segment is in charge of dealing with banking regulations, *i.e.* activities related to negotiating, analyzing, disclosing and applying regulations to Groupe BPCE institutions. These texts include European directives, recommendations made by the Basel. Committee or CEBS, and regulatory texts issued by the French authorities. It is also in charge of CECEI approval matters and relations with the authorities, monitoring texts relating to major banking ratios and checking policy regarding credit institutions (Regulation 97-02 relating to internal control, consolidated supervision), as well as providing advice on banking regulations. The segment also has responsibility for complex financing transactions and acquisitions: It is the legal advisor to BPCE and the Group regarding Group organization and reorganization operations, intra- and extra-Group strategic partnerships and financial structures, including the creation of financial products intended to be sold to the public. It is in charge of matters relating to competition, Community law and relations with international regulators.

5 Projects

In addition to the work traditionally done by a Legal department, which consists of tracking developments, dealing with standard industry matters and responding quickly to the requests of BPCE and Group institutions, the department will have other responsibilities in 2010. These include consolidating, improving and drafting the department's internal operating procedures, and enhancing its business processes.

2.6.2.4.2 Controls on the quality of accounting and financial reporting

1. Roles and responsibilities relating to the preparation and processing of accounting and financial information

1-1. RESPONSIBILITY OF GROUP ENTITIES

The production of accounting and financial information, and controls to ensure its reliability, are performed by the Finance departments of accounting entities included in Groupe BPCE's scope of consolidation.

Each entity has the resources to ensure the quality of accounting and financial data, including by ensuring compliance with standards applicable to the Group, ensuring consistency with the individual financial statements prepared by its supervisory body and reconciling accounting figures with management figures.

Each entity prepares, on a monthly or quarterly basis, financial statements and regulatory information required at the local level, along with reporting documents (accounting, financial control, regulatory, etc.) for the Group Finance department.

1-2. PREPARATION AND COMMUNICATION OF THE GROUP'S ACCOUNTING AND FINANCIAL DATA

The Group Finance department is responsible for preparing and reporting accounting and financial data. The Finance department collects all accounting and financial information produced by accounting entities within the Group's scope of consolidation. It also consolidates and controls these data, to enable their use for the purposes of Group management and communication to third parties (control bodies, investors, etc.).

As well as consolidating accounting and financial information, the Group Finance department has broad control duties:

- it coordinates asset-liability management, by defining the Group ALM rules and standards, and ensuring they are properly applied;
- it manages and controls the Group's balance-sheet ratios and structural risks;
- it defines accounting standards, reference bases, principles and procedures applicable to the Group, and ensures they are properly applied;
- it monitors the financial planning of Group companies and capital transactions;
- it ensures the reliability of accounting and financial information disseminated outside the Group.

The main functions involved in preparing published accounting and financial information are accounting, financial control and investor relations.

1-2-1. Accounting

The accounting function is in charge of preparing individual and consolidated financial statements.

Within the Group, each entity's accounting function has responsibility, with respect to the Group and the supervisory authorities, for its individual financial statements, any consolidated financial statements, and regulatory reports.

Within BPCE, the function is performed by the Group Accounts department, whose head reports to the Chief Financial Officer. The Group Accounts department's main tasks are as follows:

- preparing the consolidated financial statements of Groupe BPCE's and the individual and consolidated financial statements of BPCE SA;
- liaising with the Group's external 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 affiliates, in accordance with Article L. 512-95 of the French Monetary and Financial Code, and ensuring that affiliates comply with regulatory standards and management ratios;
- ensuring that Groupe BPCE and BPCE SA comply with regulatory ratios;
- representing the Group with respect to industry bodies (*Conseil national de la comptabilité*, European Banking Federation, etc.).

1-2-2. Financial control

The financial control function is in charge of preparing management information.

Within the Group, each entity's financial control function is in charge of operational co-ordination, and has responsibility for producing management information within the entity and for the central body.

Within BPCE, the function is performed by the Financial Control department, whose head reports to the Chief Financial Officer. Its main duties are as follows:

- applying the strategic plan: ensuring that the performance of business lines and entities are consistent with the resources allocated, and setting up appropriate indicators;
- coordinating the financial planning, budget and multi-year rolling forecast process;
- extending management dialogue with all entities, including subsidiaries and shareholder affiliates;
- regularly reporting to executives on all activities, business lines and entities and the related financial impacts;
- assisting with decision-making, using simulations and predicted results;
- making forecasts regarding capital, optimizing capital, overseeing capital flows and financial engineering;
- supporting the Group's internal and external financial reporting;
- strengthening the holding company's position as regards shareholder requirements regarding the performance of Group subsidiaries and equity interests;
- maximizing the value of equity interests and helping to set up legal structures for new businesses;

- analyzing the profitability of sectors, business lines, markets, customers and products, including defining standards;
- creating a common vocabulary for management analysis;
- coordinating the financial control process.

1-2-3. Investor relations function

The investor relations function is responsible for information published through presentations to financial analysts and institutional investors on the BPCE website, and for registration documents and their updates registered with France's financial market authority and also available on the BPCE website.

Within BPCE, the function is performed by the Issuance and Investor Relations department, whose head reports to the Chief Financial Officer. Its duties in this area, aside from its main duty relating to the medium- and long-term refinancing of Groupe BPCE, are as follows:

- coordinating and preparing presentations of Groupe BPCE's results, financial position and business development, to enable third parties to form an opinion on its financial strength, profitability and outlook;
- coordinating and preparing the presentation of regulated financial information subject to approval by France's financial market authority;
- maintaining relations with France's financial market authority and rating agencies.

2. Arrangements for producing consolidated accounting and financial data

2-1. GENERAL SYSTEM

Groupe BPCE and BPCE SA's consolidated financial statements are prepared by the central body.

For this purpose, BPCE's Group Finance department has prepared a consolidation manual designed to guarantee the reliability of the process. It is based on the following core principles:

- definition and communication of accounting policies for the Group, including analysis and interpretation of new texts issued during the period, both for French GAAP and international (IFRS) accounting standards);
- preparation of quarterly consolidated accounts to provide a better level of control over financial statements, by projecting transactions for the period, providing reliable estimates and better reconciliation of intragroup transactions;
- regular training of accounting teams within the consolidated entities to promote the use of best practice throughout the Group.

2-2. PREPARATION OF CONSOLIDATED ACCOUNTING AND FINANCIAL DATA

Consolidation takes place quarterly based on the financial statements of each Group entity. Data from the entities are entered into a central database where consolidation adjustments are then carried out.

As regards the consolidation system, the Group's recent creation means that it has maintained an organization based on a combined solution for the Group's three core businesses:

- Retail banking:
  - for the Caisses d'Epargne and their subsidiaries, the system is based on a single consolidation tool used solely by these entities, and for all sub-consolidation work. This ensures internal consistency as regards scopes, charts of accounts, processing and analysis. The production of Group financial statements involves monitoring individual IFRS contributions based on a consolidation package prepared by each institution,
  - for the Banque Populaire banks, their subsidiaries and Crédit Maritime Mutuel banks, the system is based on a single consolidation tool used solely by these entities, and for all sub-consolidation work. This ensures internal consistency as regards scopes, definitions, charts of accounts, processing and analysis. The production of Group financial statements involves unitary monitoring of differences between the individual French GAAP financial statements of institutions and their contribution to IFRS consolidated financial statements. This solution has led to the deployment of an IFRS consolidation package, which lists and automates all adjustments to be made to the French GAAP individual financial statements, to convert them into IFRS financial statements,
  - in the other main directly owned retail banking subsidiaries: Océor uses the same system as the Caisses d'Epargne (with unitary IFRS monitoring), while Société Marseillaise de Crédit (SMC) uses the same system as the Banque Populaire banks (with unitary monitoring of differences between individual financial statements and its contribution to IFRS data);
- Financing, Asset Management and Financial Services: Natixis has a consolidation tool that produces an IFRS consolidation package, ensuring the consistency of data from the banking and insurance scopes and giving a transparent overview of its subsidiaries. For the production of Group financial statements, Natixis submits a consolidation package that represents its consolidated financial statements (an "opaque package");
- Real estate: Crédit Foncier de France uses the Caisses d'Épargne system, enabling the Group to monitor IFRS contributions. Nexity and FONCIA are consolidated on the basis of packages that represent their consolidated financial statements ("opaque packages").

The system as a whole feeds into a central consolidation tool, which has archival and security features including daily back-up of the consolidation database, and restore tests are regularly carried out.

3. Control process for accounting and financial data

3-1. GENERAL SYSTEM

Groupe BPCE's internal control process supports the management of all kinds of risk and enhances the quality of accounting information.

It is organized in accordance with legal and regulatory requirements, including those arising from the French Monetary and Financial Code, Regulation 97-02 as amended and texts governing BPCE. It concerns all Group companies, which are supervised on a consolidated basis. The system is governed by a charter that sets out the principles, defines the scope of application, details the participants concerned and their role in ensuring that the internal control system of each company and Groupe BPCE works properly.

It sets out general principles and is supplemented by charters governing the permanent control function (risk management and compliance) and the periodic control function (internal audit), and by related charters, including those concerning audits.

3-2. APPLICATION OF THE SYSTEM AS REGARDS ACCOUNTING AND FINANCIAL DATA

3-2-1. Within institutions

Reflecting the decentralized nature of Groupe BPCE, internal control procedures are tailored to the organization of each consolidated entity. In all cases, the process includes several layers of controls:

- a basic layer of "first-tier controls", relating to operational services and integrated into processing procedures;
- an intermediate layer of "second-tier controls", organized and executed under the responsibility of a dedicated specialist audit function within Finance departments, which performs independent controls on processing procedures to ensure the reliability and completeness of the financial statements in conjunction with permanent control functions, Compliance and Risk Management;
- a higher layer of "tier-three controls", involving:
  - work done by Audit or Risk Management committees within the main institutions, which check the quality of accounting information,
  - periodic controls organized under the authority of internal audit.

3-2-2. Within BPCE

Coordination of the "Audit and Regulatory Review" process

The central institution coordinates the permanent system for audits and regulatory reports as part of a functional audit and regulatory review process, the rules of which will be determined by a charter in 2010.

Within the Group Finance department, this functional process is coordinated by the Financial Review department, whose role is to provide a strong operational link between the auditing of affiliates and subsidiaries and the auditing of the Group, in order to ensure the quality of the Group's accounting and financial information. To achieve this, it undertakes initiatives to share best practice, including the dissemination of standards and practical guides relating to controls, training, discussions within an auditors' club and workshops.

The Financial Review department's other main duties are as follows:

- coordinating all internal control issues concerning the Group Finance department in conjunction with the other participants in the internal control process, and defining a general framework for analyzing risks across all the department's areas;
- performing second-tier controls on the central body's individual financial statements and its prudential and regulatory reports, and ensuring that information disclosed through consolidation packages is analyzed, controlled and consistent.

Controls performed at the central institution level

In addition to the self-checking and external checking procedures performed in the entities responsible for preparing individual or consolidated financial statements, the quality of accounting controls is verified by:

- the Group Finance department, which co-ordinates the system for checking the quality of accounting and financial information:
  - it uses its role in standardizing accounting practices at the Group level to produce individual and consolidated financial statements under French GAAP and IFRS,
  - as regards regulatory reports, it regularly examines the financial statements of the Banque Populaire banks, the Caisse d'Epargne banks and the Crédit Maritime banks disclosed in the BAFI regulatory framework. The permanent control of regulatory reports undergoes analysis and consistency checks by a dedicated team. These formal controls will be updated as part of the SURFI reform in 2010,
  - as regards the consolidated financial statements, this team checks that the scope of consolidation is compliant with accounting principles in force, and performs various checks on data received on a quarterly basis, through consolidation packages. These checks include: ensuring that data collected have been properly aggregated and that consolidation entries are correct, and dealing with residual differences on reciprocal transactions. These checks are supplemented by analytical reviews and consistency controls of the main headings in the financial statements, as well as an analysis of changes in equity and deferred taxes during the period through individual and consolidated tax reconciliations;
- the Group's external auditors, who work on a panel basis and base their opinions partly on the conclusions of each consolidated entity's external auditors, particularly as regards compliance with the Group's standards as laid down by BPCE, and partly on the effectiveness of local internal control procedures. To make the certification process as efficient as possible, BPCE has recommended that each entity in the scope of consolidation has at least one representative of the Group's external auditors on its panel;
- occasional assignments performed by BPCE Internal Audit within Group institutions.

Finally, under CRBF Regulation 97-02 relating to the prudential supervision of credit institutions, an annual report summarizing the Group's internal control is presented to the Group Risk Management committee and Supervisory Board by the various permanent and periodic control functions. On the basis of detailed questionnaires, this report assesses internal control procedures, particularly in the accounting and financial fields.

4. Role of supervisory bodies in accounting and financial disclosure

4-1. DECISION-MAKING AUTHORITIES

Once per quarter, the Management Board finalizes the consolidated financial statements and presents them to the Supervisory Board for checking and control purposes.

Individual financial statements are prepared once per year, in accordance with regulations in force.

BPCE SA's Supervisory Board checks and controls the individual and consolidated financial statements prepared by the Management Board and presents its observations about the financial statements for the period to the Shareholders' Meeting. For this purpose, the Supervisory Board has set up a specialist committee in charge of preparing its decisions and formulating recommendations, *i.e.* the Risk Management committee.

4-2. RISK MANAGEMENT COMMITTEE

The Risk Management committee is tasked with monitoring the process of preparing financial information, the auditing of the individual and consolidated financial statements, and ensuring the independence of the external auditors.

In this respect, its duties include:

- examining the individual and consolidated financial statements, checking the clarity of information provided, assessing the appropriateness of accounting methods used to prepare the individual and consolidated financial statements and examining the prudential and accounting impact of any significant acquisition made by BPCE or the Group;
- reviewing the draft of the Supervisory Board Chairman's report on internal oversight procedures as regards preparing and processing accounting and financial information;

- making recommendations on the procedure for selecting external auditors by the Shareholders' Meeting, ensuring the independence of the external auditors, including through details of fees paid to them by the Group, and examining the external auditors' schedule of work.

The Risk Management committee consists of six members of BPCE's Supervisory Board, including an independent member, who is the committee's Chairman.

The committee meets in the presence of the panel of external auditors to examine the financial statements, but may, subject to conditions it determines, hear reports from corporate officers, executives responsible for preparing the financial statements, and any person whose expertise appears relevant to the committee.

Permanent risk monitoring and compliance managers, as well as the Internal Auditor in charge of routine audits, are invited to attend the committee's meetings.

5. Outlook

In 2010, taking into account its recent creation, Groupe BPCE will pursue initiatives to harmonize its internal control system relating to accounting and financial information.

The efforts undertaken to rationalize the resources and working methods of the teams responsible for producing, checking and monitoring accounting and financial reporting schedules will also be continued, by adjusting them to business and regulatory developments.

The major projects currently in progress or due to be launched within the Group are as follows:

- processing and standardization of accounting and financial reporting:
  - continuation of the project to overhaul the accounting and financial reporting system used by Banque Populaire banks belonging to the i-BP community. This project, called Sémaphore, is budgeted at more than 17,000 man-hours and will last until 2013. The objective is to optimize the accounting function by separating account-keeping for customers from general accounting and by harmonizing the reference bases used. A single chart of accounts will be used throughout the i-BP community, and a database of asset and liability items that is natively consistent with it will be generated,
  - completion of the "Perf SI" program launched in January 2007 within the Caisse d'Epargne banks, aimed at building a single banking IT platform as opposed to three previously. The final IT migrations will be completed at the end of the first half of 2010,
  - ongoing roll-out of the new accounting tool (Panda project) across Natixis' Asian platform in Ho Chi Minh City and Shanghai. In 2009, Natixis SA implemented a master plan for summary systems and set up a new accounting tool (Matisse) that includes the traditional functions of accounting ERP software (accounting codes, foreign currency accounting, calendar management, data audit trails, etc.). Natixis SA will hold discussions about rolling out this tool internationally,
  - work to harmonize the Group's accounting principles: Portfolio-based methods for calculating impairment and models for calculating commitments relating to home-purchase savings plans in the Banque Populaire and Caisse d'Epargne banks will be harmonized in 2010. More generally, methods for disseminating accounting and prudential regulations will gradually be harmonized, with the aim of establishing a single method, *i.e.* the Group Accounting Standards and Principles Manual,
  - monitoring of regulatory developments, including the revision of IAS 39, to prepare the Group for the adoption of these new rules when they are adopted by the European Union;
- regarding the internal control system for accounting and financial data:
  - preparing an "audit and regulatory review charter" organizing the audit process, clarifying and strengthening the function's role in Group institutions and setting out the hierarchy of controls,
  - creating of a set of documents relating to audit and regulatory review (standards, guides, work schedule, etc.) on an intranet for auditors and regulatory reviewers.

2.6.2.4.3 IT systems security

The IT Systems Security department (SSI) defines, implements and develops Group policies. As part of a functional process, it coordinates the network of IT systems security managers (RSSIs) in the banks and subsidiaries, ensures permanent and consolidated control of IT systems security as well as providing technical and regulatory oversight. It initiates and coordinates Group projects aimed at reducing risks in its field.

The Group IT Systems Security department represents Groupe BPCE in banking industry groups and the public authorities relating to its area of expertise.

The central body's RSSI is a member of this department; and he ensures the security of the federal IT system and of BPCE's IT system.

The Group SSI has regular contact within the central body with the Risk Management, Compliance and Internal Audit departments.

Work done in 2009

First half of 2009:

- in the former CNCE: permanent controls were strengthened, particularly as regards office applications, messaging services and online services, and workstation security was improved by performing security updates, increasing the security of local authorizations and updating anti-virus resources);
- in the former BFBP: a process for managing Group warnings and crises was formalized, a project to analyze entities' compliance with PCI data security standards was launched, and a program to raise awareness of IT systems security within the IT department was implemented. As regards controls, the security of several cross-functional platforms was assessed, relating to the security of online payments (3DS) and payment terminals, and the IT security of several regional banks (acquired in 2008 from HSBC France) was also assessed. Work beginning in August 2009 focused on defining the IT systems security organization and governance principles within the new Groupe BPCE.

The organization of the Group IT Systems Security department (DSSI-G) was clarified and made easier to understand. This resulted in the merging of four teams: IT systems security staff at the former BFBP and the three IT systems security teams at the former CNCE.

The IT systems security function is now part of the Operations unit, which reports to the Chairman of the Management Board.

DSSI-G started preparing the new Group's IT systems security policy, using work done by the Banque Populaire and Caisse d'Epargne networks in the first half of 2009.

As a result, the Group IT systems security charter (Tier 1 of this policy) was drafted between August and October 2009. The draft charter was presented on November 3 to the Group Coordination and Internal Control committee, and will be put forward for approval to BPCE's Management Board in the first quarter of 2010, then sent to the Risk Management committee and Supervisory Board.

The charter established Groupe BPCE's new IT systems security process, coordinated by the Group RSSI. The RSSIs of parent companies, direct subsidiaries and IT entities report to the Group RSSI through an operational link.

In early December 2009, work began on defining a set of technical and organizational rules and instructions (Tier 2 of the PSSI-G, broken down into 24 themes). This work is scheduled to end in the fourth quarter of 2010.

The first meeting of the Group IT Security and Systems committee, chaired by the Group RSSI as specified by the IT systems security charter, will take place in April 2010.

Main projects

- A major project to manage authorizations within BPCE SA began in mid-November 2009. An overview has been carried out, and a plan of action will be prepared in January 2010. The plan of action will include work to ensure the reliability of the process for allocating rights, to improve tools, to determine arrangements for allocating rights (including profiles) and to ensure the reliability of the rights allocated (review initiated in early December 2009, with reviews taking place quarterly or monthly for the most sensitive business lines).
- Work continued on the roll-out of strong authentication solutions for personal and small-business customers using online banking and remote payment services. The Banque Populaire and Caisse d'Epargne networks' policies in this area were harmonized in November 2009. 400,000 CAP/EMV readers were rolled out gradually across the Banque Populaire network from April 2009. By the end of 2009, almost 140,000 customers had these readers.

Outlook for 2010

Tier 2 of the PSSI-G will be completed in 2010. Local implementation by Groupe BPCE institutions will begin.

Three of the 24 themes relate to IT systems security risk mapping, permanent control and reporting. The main priority for 2010 is to set up unified mapping of Group IT systems security risks, to define and begin implementing the new Tier-2 IT systems security permanent control system and Group IT systems security reporting.

At the same time, the strong authentication project will continue. The first phase of the authorization project will begin (correction, functional developments and streamlining of tools), accompanied by the implementation of rights reviews taking place every quarter, or monthly for BPCE A's most sensitive business lines.

2.6.2.5 PERIODIC CONTROL WITH GROUPE BPCE INTERNAL AUDIT

2.6.2.5.1 Groupe BPCE Internal Audit duties

In accordance with the central institution's responsibilities and because of collective solidarity rules, Groupe BPCE's Internal Audit has the task of periodically checking that all Group institutions are operating correctly, and it provides Groupe BPCE executives with reasonable assurance as to their financial strength.

As part of this work, it ensures the quality, effectiveness, consistency and proper operation of their permanent control framework and the management of their risks. The scope of Internal Audit covers all risks, institutions and activities, including those that are outsourced. It extends to the holding companies of the two BPCE shareholder networks and their subsidiaries.

Its main objectives are to evaluate and report to the executive and governing bodies of the Group and entities on:

- the financial position;
- the actual level of risk;
- the quality of the organization and management;
- the consistency, suitability and effectiveness of systems to assess and manage risk;
- the reliability and integrity of accounting and management information;
- compliance with laws, regulations and rules applicable to the Group or each company;
- the effective implementation of recommendations made following previous audits and by regulators.

Group Internal Audit reports to the Chairman of the Management Board, and performs its work independently of operational departments and permanent control. Its operating procedures, including processes to achieve consolidated supervision and optimal use of resources, are set out in a charter approved by BPCE's Management Board on December 2009, 7. The Risk Management departments of affiliates or direct subsidiaries report to it through a strong operational link.

2.6.2.5.2 Scope of activity

To fulfill its role, Groupe BPCE Internal Audit establishes and maintains an up-to-date Group audit scope inventory, which is defined in coordination with the internal audit groups of Groupe BPCE institutions.

It ensures that all institutions, activities and related risks are covered by full audits, performed with a frequency defined according to the overall risk level of each institution, and in no event less than once every four years for banking activities.

In this regard Groupe BPCE Internal Audit not only takes into account its own audit work but also that performed by regulators and Internal Audit departments of the Groupe BPCE institutions.

The annual audit program for Groupe BPCE Internal Audit is approved by the Chairman of the Management Board. It is examined by the Groupe BPCE Risk Management committee. The Groupe BPCE Risk Management committee ensures that this audit program allows for satisfactory coverage of the Groupe BPCE audit scope over a multi-year cycle and can recommend any measures to this effect. It reports on its work to the Groupe BPCE Supervisory Board.

2.6.2.5.3 Reporting

Recommendations arising from audits performed by Groupe BPCE Internal Audit are prioritized by order of importance and are subject to regular follow-up, at least every six months.

Internal Audit reports on the conclusions of its work to the management teams and boards of audited companies. It also reports to the Chairman of BPCE's Management Board, to BPCE's Risk Management committee and to BPCE's Supervisory Board. It provides these bodies with reports on the implementation of its main recommendations and those of the *Commission bancaire*. It ensures that remedial measures decided as part of the internal control system, in accordance with Article 9-1.b of Regulation 97-02, are executed within a reasonable timeframe, and can refer matters to the Risk Management committee if measures are not executed.

It coordinates the timetable for drafting regulatory reports.

2.6.2.5.4 Representation in governance bodies and Group Risk committees

To fulfil its role, Groupe BPCE's Head of Internal Audit is a member of the main consultative committees taking part in the risk management.

The Head of Internal Audit is a permanent member of BPCE Risk Management Committee, Natixis Risk Management Committee, and the CE Participations subsidiaries Risk Committees (OCEOR, Crédit Foncier, Banque Palatine).

2.6.2.5.5 Relations with the central institution's permanent control departments

Groupe BPCE's Head of Internal Audit maintains regular dialogue within the central body and exchanges information with unit heads within his/her audit scope and, more specifically, with departments responsible for second-tier control.

These departments must quickly notify the Head of Internal Audit of any failure or major incident of which they become aware. The Head of Internal Audit, along with Group Senior Executive Vice-Presidents, Risk Management and Group Senior Executive Vice-Presidents, Compliance and Security, must quickly inform each other of any inspection or disciplinary procedure initiated by the supervisory authorities, or more generally of any external control of which they become aware.

2.6.2.5.6 Organization

Groupe BPCE Internal Audit handles its duties as a business process.

The objective of such an organization is to ensure coverage of all Group operational or functional units within the shortest possible timeframe, as well as to achieve effective coordination with entities' Internal Audit departments.

Internal Audit departments of affiliates and directly-owned subsidiaries report directly to Groupe BPCE Internal Audit through a strong functional link and a hierarchical reporting line to the executive body.

In BPCE subsidiaries that do not have an Internal Audit department, internal audit coverage may be provided by Groupe BPCE Internal Audit through delegated authority approved by the Boards of the central institution and the entity concerned.

This strong functional link is achieved through the following rules:

- the appointment and termination of officers in an affiliate or direct subsidiary's Internal Audit department is subject to the prior approval of Groupe BPCE's Head of Internal Audit. Groupe BPCE's Head of Internal Audit is kept informed of the appointment or termination of officers in affiliates' or direct subsidiaries' Internal Audit departments;
- Groupe BPCE has a single Group internal audit charter;
- Groupe BPCE Internal Audit ensures that entities' Internal Audit departments have the resources necessary to fulfill their duties. The budget and staff of these departments are determined by the executive bodies of affiliates and subsidiaries, together with Groupe BPCE Internal Audit;
- entities' Internal Audit departments use audit methods defined by Groupe BPCE Internal Audit that are drawn up in consultation with them;
- multi-year and annual programs followed by the Internal Audit departments of Groupe BPCE institutions are determined in conjunction with and consolidated by Group Internal Audit;
- Groupe BPCE Internal Audit is kept regularly informed of progress with these programs and of any change in their scope;
- institutions' internal audit reports are communicated to Groupe BPCE Internal Audit as and when they are issued;
- inspection reports from regulatory authorities relating to entities as well as the related follow-up letters and answers to these letters, along with sanction procedures, are communicated to Groupe BPCE Internal Audit when they are received or sent if they are sent directly to the institution;
- Groupe BPCE Internal Audit is notified as soon as possible of the start of inspections performed by regulators on entities and subsidiaries, as well as any proceedings against them;
- copies of entities' annual reports, prepared in accordance with Articles 42 and 43 of CBRF Regulation 97-02, and a copy of the annual report prepared by the Chairman of the governing body on internal control, are sent to Groupe BPCE Internal Audit.

This type of organization is replicated at subsidiaries and associates that are themselves parent companies.

Rules governing the management of the Internal Audit business process between Natixis and the central institution are part of the Group's Internal Audit structure.

Given the size and nature of the businesses of this subsidiary, a Coordination Committee meets regularly, bringing together Groupe BPCE and Natixis Internal Audit teams. It is responsible for all questions relating to the operation of Internal Audit by the central institution as shareholder on the one hand and Groupe Natixis on the other.

2.6.2.5.7 Work done in 2009 and outlook

In 2009, BPCE Internal Audit initiated 56 internal audits in accordance with its audit plan. In addition, in August 2009, as part of the combination of the two merged entities' internal audit teams, BPCE Internal Audit started an in-depth overhaul of texts governing the operating procedures of the new Group Internal Audit process, and of internal audit standards and methods, based on best practice.

This work will continue in 2010 and 2011, and will cover the definition of internal audit standards, monitoring of recommendations, the creation of risk assessments for each auditable unit, adjustments to internal audit tools, the provision of internal audit guides, and work on methods of reporting to the governance authorities of Groupe BPCE institutions. The results of this work will be presented on a regular basis to BPCE's Risk Management committee.

As part of this work, all recommendations made by the Internal Audit teams of the two former central bodies are undergoing a review, which will be completed in 2010, and will undergo a harmonized ranking process based on common rules. BPCE Internal Audit will monitor this work every six months, in order to encourage the disclosure of warnings to the Risk Management committee in accordance with Article 9-1.b of Regulation 97-02.

2.6.3 Statutory auditors' report, prepared in accordance with Article L. 225-235 of the French Commercial Code, on the report by the Chairman of the Supervisory Board

Year ended December 31, 2009

To the shareholders,

BPCE
50, avenue Pierre-Mendès-France
75013 Paris

Dear Sir/Madam,

In our capacity as auditors of BPCE and pursuant to the provisions of Article L. 225-235 of the Commercial Code, we hereby present our report on the report prepared by the Chairman of your company in accordance with the provisions of Article L. 225-68 of the Commercial Code for the year ended December 31, 2009.

It is the Chairman's role to prepare, and submit to the Supervisory Board for approval, a report on the internal control and risk management procedures used within the company. The report must also contain other information required by Article L. 225-68 of the French Commercial Code, relating in particular to corporate governance.

It is our responsibility:

- to inform you of our observations based on the information contained in the Chairman's report on internal control and risk management procedures relating to the preparation and treatment of accounting and financial information;
- to state that the report includes the other information required by Article L. 225-68 of the French Commercial Code, but not to verify the accuracy of that other information.

We performed our assignment in accordance with the prevailing standards of the profession in France.

Information concerning internal control and risk management procedures relating to the preparation and treatment of accounting and financial information

The prevailing standards of the profession require us to assess the accuracy of information concerning internal control and risk management procedures relating to the preparation and treatment of accounting and financial information in the Chairman's report. This work includes:

- familiarizing ourselves with internal control and risk management procedures relating to the preparation and processing of the financial and accounting information used to produce the information presented in the Chairman's report, and with existing documentation;
- familiarizing ourselves with work done to prepare this information and with existing documentation;
- determining whether any major deficiencies in internal control relating to the preparation and processing of accounting and financial information that we found in our audit are reported appropriately in the Chairman's report.

On the basis of this work, we have no comment to make about the information concerning the company's internal control and risk management procedures as they relate to the preparation and treatment of accounting and financial information contained in the report prepared by the Chairman of the Supervisory Board pursuant to the provisions of Article L. 225-68 of the French Commercial Code.

Other information

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

Paris La Défense and Neuilly-sur-Seine, April 30, 2010

The Auditors

KPMG Audit	PricewaterhouseCoopers Audit	Mazars
Département de KPMG S.A. 1, cours Valmy 92923 Paris-La Défense Cedex	63, rue de Villiers 92208 Neuilly-sur-Seine Cedex	61, rue Henri-Regnault 92075 Paris La Défense Cedex
Fabrice Odent Marie-Christine Jolys	Anik Chaumartin Agnès Hussherr	Michel Barbet-Massin Charles de Boisriou

3

RISK MANAGEMENT

3.1 Pillar III

3.1.1 Basel II regulatory framework

Introduced in 1988 by the Basel committee on Banking Supervision (Basel II), regulatory monitoring of banks' capital is based on three pillars that form an indivisible whole:

1.1 PILLAR I

Pillar I sets minimum requirements for capital. Its aim is to ensure that banking institutions hold sufficient capital to provide a minimum level of coverage for their credit risk, market risk, and operational risk. The bank can use standardized or advanced methods to calculate its capital requirement.

1.2 PILLAR II

This establishes a process of prudential supervision that complements and strengthens Pillar I.

It consists of:

- analysis by the bank of all of its risks, including those already covered by Pillar I;
- calculation by the bank of the amount of economic capital it needs to cover those risks;
- comparison by the banking supervisor of its own analysis of the bank's risk profile with the analysis conducted by the bank, to inform its choice of prudential measures, which may take the form of capital requirements greater than the minimum requirements or any other appropriate technique.

1.3 PILLAR III

Pillar III is concerned with establishing market discipline through a series of reporting requirements. These requirements – both qualitative and quantitative – are intended to improve financial transparency in the assessment of risk exposure, risk assessment procedures and capital adequacy.

3.1.2 Scope of application

Groupe BPCE is subject to a consolidated regulatory reporting requirement from the Commission Bancaire, France's national regulatory body. Pillar III is therefore prepared on a consolidated basis. The prudential consolidation scope is established based on the statutory consolidation scope.

The main difference between these two scopes lies in the consolidation method for 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;
- Coface;
- Natixis Assurances;
- Compagnie Européenne de Garanties et de Cautions;
- Prepar Vie;
- Prepar IARD.

3.1.3 Capital adequacy ratio

The decree of February 20, 2007, adapting the EU Capital Requirements Directive (CRD) to French law defined the "capital requirements for credit institutions and investment firms". Groupe BPCE applies these directives to the management of its risks and capital. In accordance with the decree of February 20, 2007, credit risk exposure can be measured using two approaches:

- the "standardized" approach, based on external credit ratings and specific risk weights according to Basel categories of exposure;
- the "internal ratings based" (IRB) approach, based on the financial institution's internal ratings system;
- the IRB approach consists of two categories:
  - the Foundation IRB approach, for which banks use only their probability of default estimates,
  - the Advanced IRB approach, under which banks use all of their internal estimates of risk components: probability of default, loss given default, exposure at default, maturity.

3.1.4 Composition of capital

Regulatory capital is determined in accordance with CRBF Regulation 90-02 of February 23, 1990 relating to capital. This is divided into three categories: Tier-1 capital, Tier-2 capital and Tier-3 capital. Deductions are made from these categories. The breakdown criteria within these categories are defined by decreasing solidity and stability, duration and degree of subordination.

A/ TIER-1 CAPITAL

Core capital and deductions

- Share capital.
- Preferred shares subscribed by the French government via SPPE.
- Reserves, including revaluation reserves, and unrealized or deferred gains or losses.

Unrealized capital gains or losses on available-for-sale financial assets are recognized as capital and restated as follows:

- for capital instruments, net unrealized capital gains are deducted from Tier-1 capital net of the amount of tax already deducted. Up to 45% of these pre-tax gains are included in Tier-2 capital. Net unrealized capital losses are not restated;
- unrealized capital gains or losses recognized directly as capital due to a cash flow hedge are eliminated;
- for other financial instruments, including debt instruments or loans and advances, unrealized capital gains or losses are also eliminated;
- impairment losses on any available-for-sale assets recognized in the income statement are not restated.

- Issue or merger premiums.
- Retained earnings.
- Net income attributable to equity holders of the parent.

The following deductions are made:

- treasury shares held and stated at their carrying value,
- intangible assets, including set-up costs and goodwill.

Other Tier-1 capital

- Minority interests: these include shares of minority interests in capital interests held by Groupe BPCE.

Hybrid securities

These comprise innovative or non-innovative capital instruments, with progressive remuneration for innovative capital instruments. They are subject to limits relative to Tier-1 capital. The same applies to the total represented by minorities and hybrid securities.

B/ TIER-2 CAPITAL

- Capital from the issuing of subordinated notes or loans (perpetual subordinated loan notes).
- Capital meeting the conditions of Article 4d of Regulation 90-02 (redeemable subordinated loans).
- Capital instruments; up to 45% of pre-tax net unrealized capital gains recognized as capital.
- Positive difference between expected losses calculated using internal ratings approaches and the sum of value adjustments and portfolio-assessed impairment relating to the exposures concerned.

C/ TIER-3 CAPITAL

Tier-3 capital includes a greater variety of long-term subordinated debt used only to hedge market risk.

D/ DEDUCTIONS

Deductions include equity investments representing more than 10% of the share capital of a credit institution or investment firm, as well as subordinated loans and any other element constituting capital. They are divided into 50% Tier-1 capital and 50% Tier-2 capital. Equity investments held in entities in the insurance sector, as well as subordinated loans and any other element constituting capital, are deducted from total capital.

E/ TOTAL CAPITAL

in millions of euros	12/31/2009
Tier-1 capital	
Share capital	25,772
Reserves and retained earnings	11,803
Minority interests	3,021
Net income	537
Hybrid Tier-1 issues	9,089
• Deductions from Tier-1 capital (other than treasury stock)	(7,317)
Goodwill	(5,977)
Other intangible assets	(1,340)
Prudential filters	(2,515)
TIER-1 CAPITAL BEFORE DEDUCTIONS (A)	**40,390**
Tier-2 capital	
Upper Tier-2 capital	696
Lower Tier-2 capital	12,831
• Deductions from Tier-2 capital	0
TIER-2 CAPITAL BEFORE DEDUCTIONS (B)	**13,527**
Deductions from capital	
Subordinated debt in banks or financial institutions	(1,860)
Negative difference between provisions and expected losses	(496)
Securitization transactions weighted at 1,250%	(3,276)
Participating interests in insurance companies	(3,432)
DEDUCTIONS FROM CAPITAL (C)	**(9,064)**
Of which	
Deductions from Tier-1 capital	*(2,816)*
Deductions from Tier-2 capital	*(2,816)*
Deductions from total capital	*(3,432)*
TOTAL CAPITAL (A)+(B)+(C)	**44,853**
Tier-1 capital	37,574
Tier-2 capital	10,711
Tier-3 capital	0
Tier-1 ratio	9.1%
Capital adequacy ratio	10.9%

Other Tier-1 capital: instruments issued at December 31, 2009

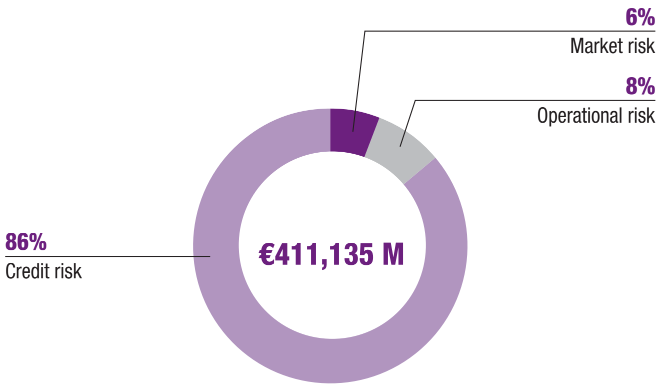
Issue date	Issuer	Currency	Amount	Outstandings at 12/31/2009
11/26/2003	CNCE	EUR	800	800
07/30/2004	CNCE	USD	200	139
10/06/2004	CNCE	EUR	700	700
10/12/2004	CNCE	EUR	80	80
01/25/2005	Natixis	EUR	300	185
01/27/2006	CNCE	USD	300	208
02/01/2006	CNCE	EUR	350	350
10/18/2007	Natixis	EUR	750	372
04/16/2008	Natixis	USD	300	118
10/30/2007	CNCE	EUR	850	850
03/31/2008	Natixis	EUR	150	150
04/30/2008	Natixis	USD	750	129
12/11/2008	CNCE	EUR	1,100	1,100
12/11/2008	BFBP	EUR	950	200
06/26/2009	CNCE	EUR	1,000	1,000
06/26/2009	BFBP	EUR	1,000	1,000
08/06/2009	BPCE	EUR	444	308
08/06/2009	BPCE	EUR	374	374
08/06/2009	BPCE	EUR	52	52
08/06/2009	BPCE	USD	134	93
10/22/2009	BPCE	EUR	750	750
Preferred capital issued by Natexis Banques Populaires, now Natixis				
06/28/2000		EUR	200	32
10/27/2003		USD	200	99
TOTAL				**9,089**

F/ CAPITAL ADEQUACY

Risk-weighted assets as at December 31, 2009

in millions of euros	12/31/2009
Credit Risk	
Standardized approach	
Central governments and central banks	228
Institutions	14,997
Corporates	70,313
Retail clients	73,829
Equities	4,545
Securitization positions	10,337
Standardized approach (1)	**174,250**
Internal ratings based approach	
Central governments and central banks	113
Institutions	12,999
Corporates	100,972
Retail clients	20,821
Equities	23,742
Securitization positions	4,706
Internal ratings based approach (2)	**163,354**
Other assets not involving credit obligations (3)	**19,055**
TOTAL CREDIT RISK (A)=(1)+(2)+(3)	**356,659**
TOTAL MARKET RISK (B)	**23,927**
TOTAL OPERATIONAL RISK (C)	**30,549**
TOTAL RISK-WEIGHTED ASSETS (A)+(B)+(C)+(D)	**411,135**

BREAKDOWN OF RISK-WEIGHTED ASSETS



Groupe BPCE has a very high predominance of credit risk.

Capital (after deductions) and risk-weighted assets in millions of euros at December 31, 2009

Capital	Amount	Risk-weighted assets	Ratio	Amount
Tier-1 capital	37,574		Tier-1 ratio	9.1%
Tier-2 capital	10,711	411,135	Tier-2 ratio	2.6%
Total regulatory capital	44,853		Capital adequacy ratio	10.9%

3.1.5 Groupe BPCE's risk management

A/ GROUPE BPCE'S RISK MANAGEMENT PROCEDURES

The Risk Management department

The Group's Risk Management department oversees the efficiency and uniformity of risk management procedures and the consistency of the level of risk with Groupe BPCE's financial, human and systems resources and its targets, particularly in terms of ratings by ratings agencies. It performs its duties independently of those of the Group's operating departments. Its means of operation, particularly as a business unit, are specified in the Group Risk Management Charter approved by BPCE's Management Board on December 7, 2009. There is a strong functional link with the Risk Management departments of affiliated parent companies and subsidiaries subject to banking supervision regulatory requirements. Other subsidiaries report functionally to the Risk Management department.

Main duties of the Group Risk Management department

- Contributing to the drawing up of risk policy on a consolidated basis, instructing overall risk limits, taking part in calculating the economic allocation of capital, and ensuring that portfolios are managed in accordance with these limits and allocations;
- Helping the Management Board to identify emerging risks, concentrations of risk and other adverse developments, as well as drawing up the strategy;
- Defining and implementing standards and methods for consolidated risk measurement, risk mapping, risk acceptance approval, risk control and reporting, and compliance with laws and regulations, in accordance with the principles and rules set out by regulations;
- Assessing and controlling the level of risk on a Group scale. Within this framework, performing contradictory analysis;
- Responsibility for permanent monitoring by detecting breaches of limits and overseeing their resolution, centralization and forward-looking

reporting of risks on a consolidated basis, both internally and externally (in particular to regulatory bodies);

- Responsibility for second-tier controls of certain processes for preparing financial information (valuation methods, reductions, provisioning, determining market values);
- Managing the risk information system in close collaboration with the IT departments, defining the standards to be applied for the measurement, control, reporting and management of risks. The Risk Management department is responsible for permanent second-tier controls of the reliability of risk information systems.

B/ INFORMATION PROVIDED IN RESPECT OF IFRS 7

The disclosures in respect of risk management and capital required under IFRS 7 form an integral part of the audited financial statements. Only the notes to the financial statements with a direct link with the summary financial statements are presented for comparison purposes in Groupe BPCE's consolidated financial statements (see Note 3.2 of the consolidated financial statements). For the purposes of consistency, the information provided in respect of IFRS 7 in the risk management report does not include any comparative information to December 31, 2008.

C/ EXPOSURE AND CONVERGENCE APPROACH

Approach used: Basel II	BP including	Regional banks	Subsidiaries CFF/ Palatine/Océor	Natixis	BPCE SA formerly BFBP/ formerly CNCE
Large Corporates (>1€G revenue)	IRBF	Standardized	Standardized	IRBF	IRBF/Standardized
Corporates (3€m<revenue<1€G)	IRBF	Standardized	Standardized	IRBF	IRBF/Standardized
Retail	IRBA	Standardized	Standardized	IRBA*	IRBA/Standardized
Banks	IRBF	Standardized	Standardized	IRBF	IRBF/Standardized
Sovereign	IRBF	Standardized	Standardized	IRBF	IRBF/Standardized

* *Standardized approach used for individual retail clients.*

Groupe BPCE has set a provisional date for the transition of the retail segment of the Caisses d'Epargne to IRBA of late 2010.

D/ INFORMATION RELATING TO CREDIT AND COUNTERPARTY RISK

Definition

Risk of loss resulting from the inability of the banks' clients, sovereign issuers or other counterparties to meet their financial commitments. Credit risk also includes counterparty risk relating to capital market transactions and securitization activities performed by the bank. Credit risk may be aggravated by the risk of concentration, resulting from either a high level of exposure to a given risk or a high probability of default by certain groups of counterparties.

Credit and counterparty risk management organization

Risk measurement is based on rating systems for some of the Group's Basel II approved banks or those aiming to comply with Basel II regulatory requirements and adapted to each type of client or transaction, for which the Risk Management department is responsible for defining and controlling performance. Decisions are made at Groupe BPCE within the framework of delegation procedures, a system of limits, in the process of being reviewed, relating to each client group on a consolidated basis, and a principle of contradictory analysis involving the Risk Management department, with a right of appeal that may result in submission to the higher level Credit committee. The delegation system for Groupe BPCE and BPCE, the central institution, is validated by the Management Board after analysis by the Risk Management department, and spread out as follows:

- delegation given to the Group Credit committee;
- delegation given to the Group Watchlist and Provisions committee;
- delegation given to the Credit Risk Management committee dedicated to banking subsidiaries (excluding Natixis);
- delegation given to the specialist Credit committees dedicated to the Caisse d'Epargne banks;
- delegation given to the Credit Risk committee dedicated to the Banque Populaire banks;
- delegation given to the BPCE Risk Management committee (central body and sub-holding companies);
- delegation given to the Credit committees of each subsidiary or affiliate.

Within Groupe BPCE, a single internal rating methodology (specific to each client segment) is used for the two networks.

The Risk Management departments within Groupe BPCE are, for the Caisse d'Epargne banks and subsidiaries of the former Groupe Caisse d'Epargne, ultimately responsible for validating corporate ratings after a counter-appraisal by analysts. For cases falling within the scope of the Banque Populaire banks' Credit Risk Management committee, the rating is validated by the committee on the proposal of Groupe BPCE's Risk Management department.

Monitoring of risks within Groupe BPCE relates partly to the quality of information, which needs to be compatible with a correct assessment of the risks and the level and development of risks taken. The correct application of standards is controlled by monitoring systems in place across all approved entities and will be rolled out in 2010 across the Caisses d'Epargne retail scope, for which the process for applying for approval has been initiated.

The various levels of control within Groupe BPCE are subject to supervision by the Group Risk Management department, which is also in charge of reporting consolidated summaries to the various bodies.

Sensitive cases (cases on the watchlist[1]) and the provisioning policy relating to the main cases shared between a number of entities (including Natixis) are subject to regular reviews within the framework of a Watchlist and Provisions committee.

To set regulatory limits (Regulation 93-05 of December 21, 1993 relating to control of large risk exposures) and internal limits, and define the limits system, these limits at the level of Groupe BPCE are instructed by the Group Risk Management department for the Groupe BPCE Risk Management committee, determined according to the type of counterparty, country, business sector or any other criteria considered relevant to ensure adequate control of the risk of concentration and residual risk, in accordance with the recommendations of the regulatory authorities. If applicable, limits are divided between the various Groupe BPCE entities within the framework of the Group Credit committee.

Furthermore, for each group of counterparties, the Group's banks and the central body set an internal limit on commitments, expressed according to entities' net capital within the meaning of CRBF Regulation 90-02, at a level below the regulatory limit.

Work carried out in 2009

A major statistical study allowed for verification of the suitability of the Banque Populaire Group's probability of default retail models to the Groupe Caisse d'Epargne's individual and professional client portfolios. The Caisses d'Epargne's Basel II retail project in accordance with Basel II requirements began in April 2009 for an initial rating using the Group's tool at January 18, 2010 (individual retail and professional clients of the Caisse d'Epargne banks). Monitoring of the control of Basel II standards and the quality of information used to obtain ratings has been prepared for deployment by January 31, 2010 at the latest. The database of documentation used to manage the Caisses d'Epargne's application for approval has been rolled out and can be accessed by all Caisse d'Epargne banks.

Definition of monitoring:

- all controls of the quality of information conducted on the basis of ratings engines and management information received from the Banque Populaire banks and Natixis, integrated into the BPCE information system;
- reports on these controls, which are conducted either within each entity as a first-tier control of the quality of information, or centrally (BPCE) as a second-tier control of the quality of information.

This monitoring system is in place for the Banque Populaire banks, their subsidiaries and Natixis, and is being rolled out gradually across the Caisse d'Epargne banks.

Groupe BPCE's approved entities comprise the Banque Populaire banks, their subsidiaries and Natixis. These entities use on a daily basis the internal rating methodologies authorized by the Commission Bancaire, whether the standardized approach, the Foundation IRB approach or the Advanced IRB approach.

Groupe BPCE's unapproved entities therefore comprise the Caisse d'Epargne banks and their subsidiaries, Crédit Foncier, Banque Palatine and Financière Océor, which by default therefore use the standardized rating methodology. A change management support system has been implemented in order to enable the Caisses d'Epargne to identify the main impacts of changes relating to the application of the target rating system.

All of the committees involved in risk supervision have been set up and all have met since BPCE was created. The Group Watchlist and Provisions committee, in charge of overseeing counterparties, has met on a monthly basis since September 2009. The first regulatory declaration on a consolidated basis concerning large risk exposures was made for the period ending September 30, 2009. Solid progress has been made in the start of the implementation of the third-party federal reference framework across the new group, listing the characteristics of counterparties with non-retail exposures. This should allow for improvement in the monitoring of limits and more reliable reporting of all kinds.

A plan of action has been implemented to ensure consistency between management data and accounting data across all exposures.

Analysis of the loan portfolio

Terminology:

Sovereign:

Debt securities issued by governments, central administrations and similar, local authorities or public sector entities with the status of sovereign counterparties, central banks, multilateral development banks and international organizations.

Institutions:

Loans and advances to regulated credit institutions and similar, local authorities or other public sector entities without the status of sovereign counterparties.

Corporates:

Loans to large corporates and SMEs.

Retail clients:

Loans to individual customers and small or medium-sized companies, as well as individual entrepreneurs.

Exposure to retail clients is also broken down into a number of categories: home loans, renewable loans, other loans for individuals and exposures to very small enterprises and small businesses.

Securitization:

Loans relating to securitization transactions.

Equity:

Exposures representing titles of ownership in the form of participating interests or shares.

Other assets:

This category includes all assets other than those whose risk relates to third parties (fixed assets, goodwill, residual values on finance leases etc.).

EAD (Exposure at Default):

Value exposed to risk (balance sheet + off-balance sheet) x conversion factor in credit equivalent.

Exposure: Gross commitment (balance sheet + off-balance sheet).

RWA (Risk-Weighted Assets):

Risk-weighted exposure.

(1) *Watchlist: list of counterparties subject to monitoring.*

Breakdown of the loan portfolio by exposure categories and approaches

Information provided in respect of IFRS 7.

At 12/31/2009 *in millions of euros*	Standardized			IRB			Total		
	Exposure	EAD	RWA	Exposure	EAD	RWA	Exposure	EAD	RWA
Sovereign	116,525	114,931	228	27,642	27,319	113	144,167	142,249	341
Institutions	87,782	80,425	14,997	60,835	58,924	12,999	148,617	139,349	27,997
Corporate	95,076	83,793	70,313	187,769	150,090	100,972	282,845	233,883	171,284
Retail clients	174,188	160,465	73,829	118,926	118,143	20,821	293,114	278,608	94,643
Securitization	33,484	29,848	10,337	22,270	22,045	4,706	55,754	51,892	15,044
Equities	3,704	3,701	4,545	8,758	8,305	23,742	12,462	12,006	28,288
Other assets	12,984	12,984	12,984	6,071	6,071	6,071	19,055	19,055	19,055
TOTAL	**523,743**	**486,146**	**187,234**	**432,270**	**390,895**	**169,424**	**956,013**	**877,042**	**356,651**

Of gross exposure of €956.0 billion, 54.8% is treated using the standardized approach, compared with 45.2% using the IRB approach. These percentages are due to the fact that the former Groupe Caisse d'Epargne is treated using the standardized approach and the former Groupe Banque Populaire is Basel II approved. Overall, the main risks relate to corporates and retail clients, representing respectively 30% of gross exposure for 31% of risk-weighted assets, and 31% of gross exposure for 26% of risk-weighted assets. Institutions represent 15% of gross exposure for just 8% of risk-weighted assets.

Breakdown of gross exposure by category and approach with distinction between credit and counterparty risk

Information provided in respect of IFRS 7.

At 12/31/2009 *in millions of euros*	Standardized		IRB		Total	
Gross exposure	Credit risk	Counterparty risk	Credit risk	Counterparty risk	Credit risk	Counterparty risk
Sovereign	116,497	28	24,472	3,170	140,969	3,198
Institutions	77,133	10,649	26,946	33,889	104,079	44,538
Corporate	93,948	1,128	174,691	13,078	268,638	14,206
Retail clients	174,040	148	118,920	6	292,960	153
Securitization	33,484	-	22,270	-	55,754	-
Equities	3,704	-	8,758	-	12,462	-
TOTAL	**498,807**	**11,953**	**376,056**	**50,143**	**874,862**	**62,096**

Counterparty risks relating to market transactions account for just 6.6%.

Breakdown by region (gross exposure in millions of euros at 12/31/2009)

Information provided in respect of IFRS 7.

At 12/31/2009 *in millions of euros*	France	Europe excl. France	Americas	Asia-Pacific	Africa	Total
Corporate	195,259	47,379	25,029	9,144	6,196	283,845
Institutions	90,433	39,057	15,489	2,415	1,222	148,617
Sovereign	130,126	9,454	1,804	1,554	1,230	144,167
TOTAL	**415,656**	**95,891**	**42,322**	**13,112**	**8,647**	**575,628**

For the three categories – corporate, institutions and sovereign – the majority of Groupe BPCE's gross risk exposure is in Europe (89%), including 72% in France. This proportion relates to corporate clients, while the majority of sovereign risks are national. Only institutions represent a more diluted breakdown by region, with 26% of exposure in Europe (excluding France) and 10% in the Americas.

Breakdown by sector (gross exposure)

Groupe BPCE – Corporates and Professionals

At 12/31/2009 *in millions of euros*	Corporates	Professionnels
Government	982	5
Food	5,573	4,198
Consumer goods	5,945	3,579
Construction & public works	11,223	5,090
Media	7,200	488
Mechanical and electrical engineering	6,030	1,504
Retailing	8,315	2,559
Energy	11,437	113
Finance & insurance	40,319	1,204
Holding companies & diversified	42,816	1,631
Real estate	19,479	1,959
Basic industries	9,870	810
Real estate rental	33,281	17,033
Pharmaceuticals & healthcare	5,637	4,038
Services	19,976	5,355
Utilites	3,987	144
Technology	2,655	159
Tourism, hotels & restaurants	2,759	4,016
Transport	6,073	1,548
International commodities trade	3,207	0
Other	36,083	2,356
TOTAL	**282,845**	**57,789**

The breakdown of exposures by business sector presents significant differences between Corporate and Professional clients. Nearly 30% of exposures relate to holding companies and the finance/insurance sector, followed by real estate rentals (investment property). This is the main business activity financed for Professional clients (29.5%). Services are significant for both Corporate clients (7.1%) and Professional clients (9.3%).

EXPOSURE TO THE HIGHEST RISK SECTORS

in millions of euros	Total commitments	o/w high risk exposure	o/w exposure at default
Mechnical and electrical engineering	6,030	4.3%	8.6%
Tourism, hotels & restaurants	2,759	3.5%	7.9%
Consumer goods	5,945	3.1%	7.8%
Food	5,573	2.5%	7.8%
Transport	6,073	3.8%	7.6%

The following sectors have the highest default rates in the category of Corporate exposures. In terms of gross commitments, they represent just 9.3% of the total for all sectors, but 19.4% of high risk exposure and exposure at default.

Concentration by borrower

Information provided in respect of IFRS 7.

Concentration by borrower	Percentage	Weighting relative to capital
Largest borrower	2.4%	7.4%
Top 10 borrowers	16.6%	50.8%
Top 50 borrowers	54.3%	165.8%
Top 100 borrowers	77.5%	236.5%

The weighting of the 100 largest borrowers does not show any particular concentration.

Exposure subject to past-due loans (standardized) or defaults (IRB)

Information provided in respect of IFRS 7.

At 12/31/2009 *in millions of euros*	Past-dye loans	Adjustments + portfolio-assessed impairment	Exposure at default	Adjustments + portfolio-assessed impairment	Adjustments + portfolio-assessed impairment
Government and central banks	2	0	47	(50)	(50)
Institutions	32	(12)	724	(505)	(517)
Corporate	1,704	(533)	6,783	(3,449)	(3,982)
Retail clients	2,899	(984)	5,788	(2,193)	(3,177)
TOTAL	**4,637**	**(1,529)**	**13,342**	**(6,197)**	**(7,726)**

The ratio between one part (adjustments + portfolio-assessed impairment) and the other part (past-due loans + exposure at default) amounts to 53.5% for Corporate clients compared with 36.4% for Retail clients. Information about irrecoverable losses and additions to and reversals from impairment during the year concerning credit and counterparty risk is provided in the notes to the financial statements (Note 6.7) relating to impairment charges and other credit provisions (statutory scope of consolidation for accounting and prudential scope of consolidation for risk management).

Exposures calculated using the standardized approach

Five out of the seven rating agencies approved by the Commission Bancaire have been selected to provide credit ratings used in regulatory calculations: Moody's, Standard & Poor's, Fitch Ratings, Coface and Banque de France through its FIBEN listings.

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, the procedures used to determine the weighting are applied 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.

EXPOSURES BY CREDIT QUALITY USING THE STANDARDIZED APPROACH (IN MILLIONS OF EUROS AT 12/31/2009)

Information provided in respect of IFRS 7.

Scale *STD - in millions of euros - 12/31/2009*	**Gross exposure**	**EAD**
1	236,595	226,163
2	98,456	95,886
3-4	127,544	108,738
5-6	10,976	8,826
Non-performing	*4,756*	*3,037*
TOTAL	**473,571**	**439,613**

* *Excluding equities and securitization.*

EXPOSURES BY CREDIT QUALITY USING THE IRB APPROACH (IN MILLIONS OF EUROS AT 12/31/2009)

Scale *IRB - in millions of euros - 12/31/2009*	**Gross exposure**	**EAD**
1	78,205	72,286
2	134,642	126,412
3-4	140,673	115,288
5-6	41,652	40,490
Non-performing	*13,342*	*13,047*
TOTAL	**395,171**	**354,476**

* *Excluding equities and securitization.*

Measuring credit quality using the standardized approach shows around 50% of gross exposures to be very good risks. 97.4% of exposures are between scales 1 and 4.

Risk-weighted assets in the equity category

Breakdown of weighting of equities - Gross exposure	Outstanding at 12/31/2009 *(in €m)*
150%	1,600
190%	2,642
290%	2,788
370%	3,329
Other weightings	2,104
TOTAL	**12,462**

There is a balanced breakdown of gross exposures to equities between listed equity portfolios, non-listed equity portfolios and exposures in the form of private equity.

Internal ratings approach methodology

For the scope of the former Groupe Banque Populaire, Groupe BPCE has complete systems meeting regulatory requirements (Basel II, CRD) for rating its clients, based on:

- for retail clients, the systems use statistical techniques and take two main parameters into account: the counterparty credit rating and the expected loss rate on the transaction;
- for non-retail clients, the system is based on quantitative and qualitative assessments of the counterparty's creditworthiness and draws on the expertise of the commercial team and risk managers, with the latter having the last word for the Banque Populaire banks and subsidiaries;
- for financial counterparties, the system is based on the internal rating or on the lowest rating from one of three external ratings agencies. For these counterparties, Natixis is the exclusive rater for Groupe BPCE.

The former Groupe Caisse d'Epargne uses the standardized approach.

Scope calculated using IRBF:

IRBF *in millions of euros*	Scale Credit quality	Gross exposure	O/w balance sheet exposure	O/w off-balance sheet exposure	EAD	Expected losses (EL)	RWA	Average RW
Sovereign	1	26,362	15,448	8,493	26,053	0	5	0%
	2	1,029	284	2	1,028	0	47	5%
	3	154	108	40	141	0	20	14%
	4	22	21	0	22	0	4	18%
	5	22	22	1	22	0	24	108%
	6	6	2	5	5	1	13	255%
TOTAL EXCL. NON-PERFORMING		**27,595**	**15,884**	**8,541**	**27,272**	**1**	**113**	**0%**
Non-performing		47	47	0	47	21	0	NA
Institutions	1	21,943	8,491	1,100	21,782	3	2,904	13%
	2	27,310	5,320	2,308	26,529	6	5,154	19%
	3	4,891	2,034	1,869	4,342	6	2,451	56%
	4	5,235	3,976	714	4,929	32	1,678	34%
	5	708	403	274	603	9	781	130%
	6	24	13	11	18	1	31	173%
TOTAL EXCL. NON-PERFORMING		**60,110**	**20,237**	**6,276**	**58,203**	**57**	**12,999**	**22%**
Non-performing		724	373	60	721	302	0	NA
Corporate*	1	20,437	5,600	11,981	16,323	12	2,391	15%
	2	38,908	13,941	19,731	32,471	44	12,476	38%
	3	31,153	16,910	12,976	26,473	78	17,112	65%
	4	48,704	21,000	25,262	29,184	350	31,486	108%
	5	21,687	18,649	2,628	20,980	335	22,286	106%
	6	1,128	815	85	1,106	41	1,417	128%
TOTAL EXCL. NON-PERFORMING		**162,018**	**76,915**	**72,663**	**126,538**	**860**	**87,168**	**69%**
Non-performing		5,348	4,336	908	5,065	2,075	0	NA
TOTAL EXCL. NON-PERFORMING		**249,723**	**113,036**	**87,479**	**212,013**	**917**	**100,280**	**47%**
TOTAL NON-PERFORMING		**6,119**	**4,756**	**968**	**5,832**	**2,399**	**0**	**NA**
TOTAL		**255,842**	**117,792**	**88,447**	**217,845**	**3,316**	**100,280**	**NA**

* *Specialized fifinancing excluding treatment by weighting.*

SPECIALIZED FINANCING EXPOSURES CALCULATED BY WEIGHTING USING THE IRB APPROACH

At 12/31/2009
in millions of euros

Weighting	Gross exposure	RWA
50%	4,003	1,541
70%	7,761	4,971
90%	5,234	4,457
115%	1,495	1,672
250%	475	1,163
TOTAL	**18,968**	**13,804**

Source: COREP.

90.3% of asset financing calculated using the IRB approach are described as solid or good.

SCOPE CALCULATED USING IRBA (RETAIL)

IRBA *in millions of euros*	Internal counterparty rating	Gross exposure	O/w balance sheet exposure	O/w off-balance sheet exposure	EAD	Expected losses	Average LGD	RWA	Average RW
Mortgage loans	1								
	2	10,907	10,745	162	10,907	5	10.28%	803	7.4%
	3	5,467	5,375	92	5,467	18	10.10%	1,450	26.5%
	4	3,618	3,553	65	3,618	31	10.03%	1,479	40.9%
	5	445	433	12	445	18	10.09%	209	46.9%
	6	101	100	1	101	8	10.13%	22	21.8%
	TOTAL	**20,537**	**20,206**	**332**	**20,537**	**81**	**10.18%**	**3,963**	**19%**
	Non-performing	400	393	7	400	46	10.08%	0	N/A
Renewable exposures	1								
	2	2,019	364	1,654	1,653	2	18.17%	52	3.1%
	3	830	416	413	803	6	18.48%	158	19.7%
	4	193	147	46	201	5	19.00%	90	44.9%
	5	82	59	22	84	4	20.87%	52	61.1%
	6	10	10	1	10	2	19.01%	2	20.1%
	TOTAL	**3,133**	**996**	**2,136**	**2,751**	**19**	**18.41%**	**354**	**13%**
	Non-performing	87	81	6	86	16	19.01%	0	N/A
Other retail client exposures excl. professionals	1								
	2	39,781	37,993	1,788	39,776	28	14.74%	3,252	8.2%
	3	12,045	11,363	682	12,042	72	15.65%	2,776	23.1%
	4	1,201	1,118	83	1,204	27	16.19%	395	32.8%
	5	614	597	17	615	25	20.80%	287	46.6%
	6	135	113	22	135	23	19.34%	25	18.6%
	TOTAL	**53,775**	**51,184**	**2,591**	**53,772**	**177**	**15.06%**	**6,734**	**13%**
	Non-performing	1,263	1,227	36	1,263	362	28,99%	0	N/A
SMEs and professionals	1								
	2	7,153	6,133	1,018	7,040	12	17.01%	1,077	15.3%
	3	5,805	5,218	587	5,755	15	16.56%	1,216	21.1%
	4	19,861	17,791	2,068	19,651	279	17.96%	6,033	30.7%
	5	2,558	2,350	207	2,540	166	19.49%	1,336	52.6%
	6	315	293	22	314	44	18.68%	108	34.4%
	TOTAL	**35,692**	**31,785**	**3,902**	**35,300**	**515**	**17.66%**	**9,770**	**28%**
	Non-performing	4,039	3,798	241	4,033	1,241	30.70%	0	N/A
TOTAL RETAIL EXCL. NON-PERFORMING		**113,138**	**104,172**	**8,960**	**112,361**	**792**	**15.73%**	**20,821**	**17.6%**
TOTAL RETAIL NON-PERFORMING		**5,788**	**5,499**	**290**	**5,782**	**1,666**	**28.73%**	**0**	**N/A**
TOTAL RETAIL		**118,926**	**109,670**	**9,250**	**118,143**	**2,458**	**16.37%**	**20,821**	**N/A**

Exposure to counterparty risk relating to market transactions

EXPOSURE TO RISK OF COUNTERPARTY RISK RELATING TO FOREIGN CURRENCY AND REPO TRANSACTIONS

Outstanding at 12/31/2009 *in millions of euros*	STD	IRB	Total
Derivatives			
Government and central banks	28	2,208	2,236
Institutions	3,581	30,772	34,353
Corporate	744	10,623	11,367
Retail clients	148	6	153
TOTAL	**4,501**	**43,609**	**48,110**
Repo transactions			
Government and central banks	0	962	962
Institutions	7,068	3,117	10,185
Corporate	384	2,455	2,839
TOTAL	**7,452**	**6,534**	**13,986**

Credit risk reduction techniques

Risk diversification

- Diversification of risk is ensured by internal as well as external rules. It is one of the fundamental rules of risk management. As required by the risk management manual, each entity sets internal risk concentration limits based on its own specific characteristics, which are often lower than the limits authorized under banking regulations. For the Banque Populaire banks, a single limit has been applied to all entities on a consolidated basis since June 30, 2006. The Caisses d'Epargne and their former subsidiaries are subject to unit, sector and ratings category limits. Some business sectors can be subject to specific limits. Temporary limitative measures can be decided depending on changes observed (such as a sector freeze).

Providers of sureties

- The Caisses d'Epargne have access to providers of sureties for retail banking. SACCEF (owned by the Group) and Crédit Logement (a financial institution and a subsidiary of most of the main French banking networks) specialize in guaranteeing bank loans and are used in addition the real security interests mainly used.
  - SACCEF is rated A+ by Standard and Poor's. The risk weighting of outstanding loans is 35% or 75% of residential mortgages and 50% for other types of retail loans.
  - Crédit Logement benefits from a long-term Aa2 rating from Moody's and AA from Standard and Poor's, both with a stable outlook. According to the standardized approach, loans secured by Crédit Logement have a weighting of 20%.
- The *Fonds de garantie à l'accession sociale à la propriété* (FGAS) offers guarantees from the French government for secured loans. Loans with FGAS guarantees granted before December 31, 2006 are given a 0% weighting and loans granted guarantees after that date have a risk weighting of 15%.
- The Banque Populaire banks have traditionally used mutual guarantee companies SOCAMI and SOCAMA, in addition to the real security interests used.
- In 2009, Oséo continued to be used for small business and corporate clients.
- Intra-group guarantees are used within Groupe BPCE. In this case, the main providers of sureties are the Caisse d'Epargne and Banque Populaire banks.

Valuation and management of instruments comprising real security interest

The Banque Populaire and Caisse d'Epargne banks each have an index-based tool for revaluing their real security interests for retail clients.

The Caisses d'Epargne have two kinds of real security interests that are taken into account (residential mortgages and guarantees from mutual guarantee societies), as these represent the majority of real security interests received. An enhanced valuation process has been implemented for guarantees above certain amounts.

At the Banque Populaire banks, in addition to home loan guarantees, the real security interests also taken into account in calculation formula indices are guarantees against vehicles, pledges of materials and equipment, yacht mortgage loans, and pledges of business assets.

EXPOSURES WITH PERSONAL GUARANTEES BY CATEGORY OF EXPOSURE

12/31/2009 *in millions of euros*	Personal guarantees	Credit derivatives	Total
Government and central banks	757	0	757
Institutions	3,933	128	4,061
Corporate	11,603	1,706	13,308
Retail clients	37,084	0	37,084
TOTAL	**53,377**	**1,834**	**55,210**

EXPOSURES WITH PHYSICAL GUARANTEES BY CATEGORY OF EXPOSURE

12/31/2009 *in millions of euros*	Pysical guarantees	O/w real	O/w financial
Government and central banks	6	6	0
Institutions	485	255	231
Corporate	19,447	10,788	8,659
Retail clients	33,144	32,710	435
TOTAL	**53,083**	**43,759**	**9,324**

3.1.6 Market risk

A/ DEFINITION

Market risk is defined as the risk of losses relating to changes in market parameters such as prices, interest rates, exchange rates and volatility.

There are three main components of market risk:

- interest rate risk: the risk borne by holder of a receivable or a debt relating to subsequent changes in interest rates;
- exchange rate risk: the risk relating to receivables and debts in foreign currencies, which lies in the risk of changes in exchange rates relative to the national currency;
- risk of change in the share price: risk relating to the price of the investment held in a given financial asset.

B/ MARKET RISK MANAGEMENT

The Market Risk Management division of the Financial Risk Management department, part of the Banque Populaire and Caisse d'Epargne Group Risk Management department, is responsible for the management of market risk within the Group. For the commercial banking scope, risks are monitored in accordance with the segmentation of financial activities between the proprietary business unit on one hand and the ALM business unit and medium and long-term management (replacement of capital) on the other.

This entity uses Natixis's management principles.

For the Caisses d'Epargne, day-to-day monitoring of proprietary activities is based on supervision by the Group Risk Management department of 99% 1-day value-at-risk and compliance with regulatory limits.

The proprietary Value-at-Risk (VaR) calculation system used is Scenarisk, developed by Natixis. This system provides a tool for the measurement, monitoring and control of market risk on a consolidated level and at the level of each Groupe Caisse d'Epargne company on a daily basis and taking account of correlations between the various portfolios.

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.

For the Banque Populaire banks, only BRED Banque Populaire has a capital markets business. It conducts daily monitoring of its corporate treasury and trading desk activities using VaR, sensitivity and stress scenario indicators. For BPCE, the Group has a BPCE Central Treasury department effective as of August 3, 2009, for which day-to-day monitoring of this activity has been introduced using a system of market risk limits (sensitivity and VaR) and counterparty risk limits, loss alerts and stop losses. The Group Risk Management department (DRG) is responsible for day-to-day monitoring of risks and results for all Central Treasury activities. In particular, a 99% 1-day Monte Carlo VaR is calculated. The Central Treasury VaR is subject to an overall limit as well as sub-limits relating to:

- Short-Term Central Treasury activities;
- Long-Term Central Treasury activities;
- the trading scope.

In addition, specific stress tests have been introduced. For CE Participations, the proprietary portfolio has been managed on a run-off basis since October 2008 (proprietary activities of the former CNCE). A management mandate has been given to Natixis Asset Management. Risk delegation has been defined by BPCE and Natixis Asset management reports to BPCE's Management committees on the portfolio's management at its monthly meetings. A risk review is conducted by the Group Risk Management department as part of the BPCE Risk Management committee.

In order to enhance the risk monitoring system, the Group Risk Management department has also endeavored to define and implement stress scenarios in collaboration with the various Group entities. The overall and historical stress scenarios redefined at the end of 2008 by Natixis were validated by the Standards and Methods committee in February 2009. These stress scenarios have been implemented at Natixis and BRED Banque Populaire on a harmonized basis and will be rolled out gradually across the Caisse d'Epargne and Banque Populaire banks.

C/ MARKET RISK MEASUREMENT METHODS

Information provided in respect of IFRS 7.

Groupe BPCE's market risk relates primarily to Natixis, which has a methodology for market risk and quantitative market risk measurement data. Natixis's market risk management system is based on a risk metrics model that measures the risk run by each Group entity. Market risks are assessed using a variety of methods:

1. synthetic VaR calculations determine potential losses from each activity at a given confidence level (for example 99%) and a given holding period (for example one day). The calculation is performed and monitored daily for all of Natixis's trading activities.

   For calculation purposes, the joint behavior of market parameters that determine portfolio values is modeled using statistical data covering a period of one year rolling. Over 5,200 risk factors are currently modeled and used.

   Natixis calculates VaR based on digital simulations, using a Monte Carlo methodology which takes into account possible non-linear portfolio returns based on the different risk factors. These calculation methods are harmonized using a single calculation tool, Scénarisk. In order to monitor compliance with VaR limits set by the regulator, Natixis's Risk department produces the VaR for Natixis's consolidated scope.

As a result of the extremely high level of market volatility in all asset classes since the collapse of Lehman Brothers, Natixis has adopted a new calculation method based on econometrics for which standard deviations are calculated as the maximum, risk axis by risk axis, of standard deviations calculated over the following periods: 12 months rolling and three months rolling. This change of method has resulted in all limits being redefined.

This method was approved by the Commission Bancaire in January 2009. Since December 31, 2008, Natixis has used a new method to calculate capital in respect of market risks for uniform scopes of activity according to an internal model.

A "risk factors" project was launched in 2009, constituting a review of all decisions relating to risk factors, involving all of the departments concerned (Risk Management, front office and results).

A periodic review of risk factors, in addition to the current system, has been defined. Quantitative and objective tools to measure the relevance of risk factors have also been created.

2. operational indicators are used to manage activity on an overall basis and/or by homogenous activity, by focusing on more directly observable criteria (for example: sensitivity to variations in the underlying instrument, sensitivity to variation in volatility or to correlation, diversification indicators). The limits corresponding to these qualitative and quantitative operational indicators thus complement the VaR and loss-alert limits. They are determined consistently with the latter limits. This system has also been enhanced with the inclusion of specific stress test limits for a significant proportion of CIB activities: equity derivatives, commodities, forex and exotic fixed income.

   All operational limits are subject to day-to-day monitoring by the Market Risk team. All violations of limits (operational. VaR, stress test and loss-alert limits) are notified. Loss-alert violations may lead to a management decision concerning the position in question (closure, hedging, maintaining, etc.);

3. stress tests are also employed to measure the losses potentially sustained by portfolios in extreme market circumstances. Two major categories of stress tests are calculated at Natixis: global stress tests and specific stress tests for each activity. Global stress tests were partly redefined and enhanced in 2009 as part of a permanent process. Three historic stress tests have now been added to the existing framework.

   Calculated using Natixis's VaR calculation tool, they can be grouped into three categories:

   - historic stress tests consist of reproducing sets of changes in market parameters observed during past crises in order to create an ex-post simulation of the extent of P&L changes recorded. Although these stress tests cannot predict the future, they can be used to assess the exposure of the Group's activities to known scenarios. Nine historical stress scenarios have been defined,

- hypothetical stress tests consist of simulating changes in market parameters in all activities on the basis of plausible assumptions concerning the reaction of one market in relation to another, depending on the type of initial shock. Shocks are determined as a result of reviews and collaboration with front office staff and economists. These scenarios can be defined according to economic criteria (real estate crisis, economic crisis), geopolitical considerations (terrorist attacks in Europe, toppling of a regime in the Middle East) or other factors (avian flu). Five theoretical stress test scenarios have been defined,
- adverse stress tests aim to detect the most unfavorable situations for the bank on the basis of the characteristics of its portfolio. Calculations consist of using hypothetical stress tests as a matrix, the adverse stress test scenario being that leading to the maximum loss.

As regards specific stress tests, the joint project with CIB launched in 2008 gained pace in 2009. Specific stress tests calculated on a daily basis in management tools have been rolled out across all areas. Limits have also been set for equity derivatives, commodities, forex and exotic fixed income activities.

D/ MARKET RISK MEASUREMENT QUANTITATIVE DATA

Information provided in respect of IFRS 7.

Changes in VaR at Natixis

99% 1-day VaR for Natixis's trading portfolios averaged €31.2 million, with a maximum observed level of €58.4 million on January 5, 2009 and a value of €18.6 million at December 31, 2009.

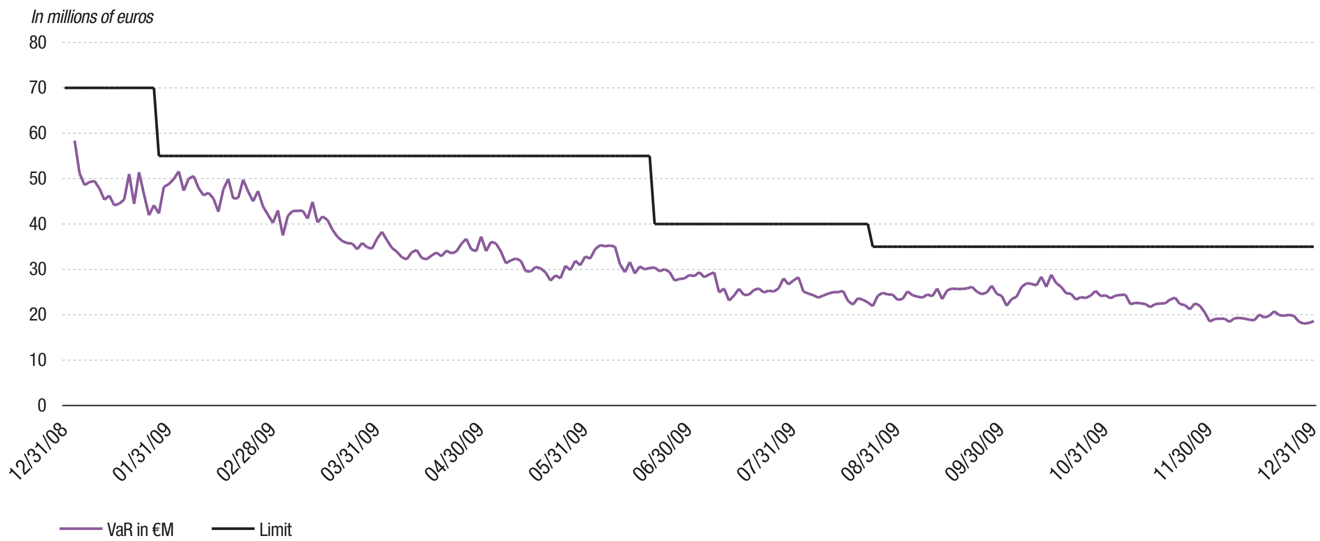
These figures should be considered in the context of the change of market regime following the collapse of Lehman Brothers, which resulted in Natixis adopting a new VaR calculation method, changing the taking into account of historic data (standard deviation = maximum (12 months rolling, three months rolling). This new method, applied risk factor by risk factor, was implemented on December 15, 2008.

The old VaR calculation method, based on a one-year historic basis, is also still monitored on a daily basis.

The level of VaR – as shown by the chart below – continued to decrease over the course of the year, reflecting the combined effect of a policy of reducing exposure and market data returning to "normal" (reduction in volatility), as well as the standard deviations used to calculate VaR.

This steady decline in VaR has been coupled with a gradual reduction in associated VaR limits.

NATIXIS'S OVERALL VAR TRADING PORTFOLIO (1-DAY, 99% VAR)



Overall trading VaR by class of risk

	Monte Carlo VaR 99%, 1-day			
	12/31/2009	12/31/2008	Difference	Average
in millions of euros	Natixis trading scope			
Natixis				
Interest rate risk	10.7	38.6	(27.9)	19.2
Equity risk	4.6	26.2	(21.6)	12.8
Specific equity risk	0.9	2.2	(1.3)	1.4
Specific interest rate risk	15.8	22.6	(6.8)	19.1
Exchange rate risk	2.5	6.5	(4.0)	5.3
All risk classes	34.4	96.1		
Netting effect	(15.8)	(40.3)		
Consolidated VaR	**18.6**	**55.8**		**31.2**

It is worth highlighting the significant reduction in general interest rate risk (-€27.9 million) and general equity risk (-€21.6 million) over the year, which reflects a considerable reduction in investment positions and associated market risks.

On a like-for-like basis and not taking account of the BPCE guarantee, Natixis's main market VaR for its trading portfolios at December 31, 2008 and December 31, 2009 were as follows (Monte Carlo VaR, 99% 1-day):

	Monte Carlo VaR 99%, 1-day				
	Level 12/31/2009	Level 12/31/2008	Average	Limit	Difference
in millions of euros	Natixis trading scope				
Natixis Trading	**18.6**	**55.8**	**(37.2)**	**35**	**31.2**
Durable Trading	**10.3**	**39.6**	**(29.3)**	**32**	**19.9**
Debt & Financing Trading	0.6	0.1	0.5	1.2	1.1
Capital Markets Trading	10.2	37.6	(27.5)		19
CORP Trading	3.3	8	(4.7)	11.8	5.5
EC Equity Cash Trading	0.5	0.6	(0.2)		1
EDA Trading	5.2	19.5	(14.2)	12.5	8.1
FI Fixed Income – Trading	6.8	21.4	(14.6)	30	13.1
STR Structuring Trading	0	5	(5)		0.1
Treasury and Arbitrage Trading	5.5	11.1	(5.5)		7.9
Supervision and active risk management Trading	**0.4**	**3.5**	**(3.1)**		**2.8**
Segregated Trading	**17.1**	**36.4**	**(19.3)**	**30**	**26.3**
GAPC0 Management Trading	0.1		0.1		0.1
GAPC1 Structured Credit Europe Trading	9.2		9.2	11	11.6
GAPC2 Trading	7.8		7.8	9.7	8.2
GAPC3 Vanilla Credit Trading	6.1		6.1	8	7.9
GAPC4 Credit Correlation Trading	10.5	6.1	4.4	22	11.8
GAPC5 Interest Rate Derivatives Trading	6.9	25.9	(19)	15	11.6
GAPC6 Convertibles Trading	0.8	3.9	(3)	2.5	1.5
GAPC7 Equity Derivatives Trading	1.5		1.5	5	2
GAPC8 Alternative Assets Trading	1.3		1.3	15	2.2

BPCE guarantee VaR relating to a share of GAPC

The table below shows VaR before and after the BPCE guarantee, and the impact of this guarantee.

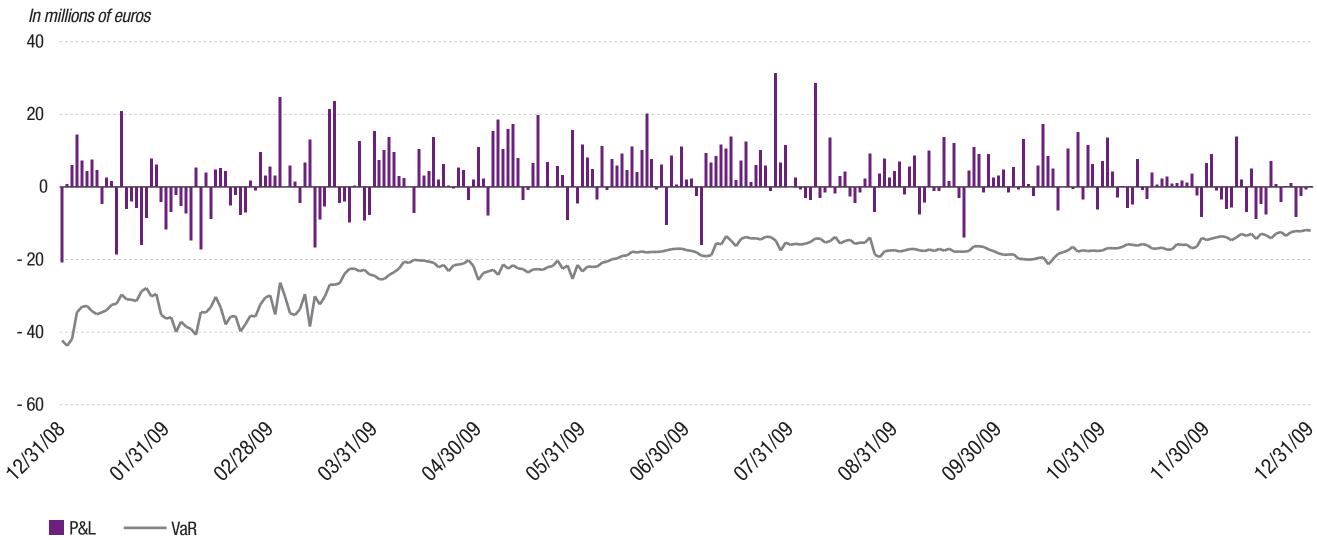
in millions of euros	Limit	VaR before BPCE guarantee 12/31/2009	VaR after BPCE guarantee 12/31/2009	Difference
	Natixis trading scope			
Natixis trading	**35**	**18.6**	**15.3**	**3.3**
Durable	**32**	**10.3**	**10.3**	**0**
Debt & Financing	**1.2**	**0.6**	**0.6**	**0**
Capital markets		10.2	10.2	0
CORP	11.8	3.3	3.3	0
EC Equity Cash		0.5	0.5	0
EDA	12.5	5.2	5.2	0
FI Fixed Income	30	6.8	6.8	0
MC	0.1	0	0	0
STR Structuring		0	0	0
Treasury and Arbitrage		5.5	5.5	0
Supervision and active risk management		**0.4**	**0.4**	**0**
CPM Hedging	5	0.4	0.4	0
Segregated	**30**	**17.1**	**12.3**	**4.7**
GAPC0 Management		0.1	0.1	0
GAPC1 Structured Credit Europe	11	9.2	1.5	7.8
GAPC2	9.7	7.8	1.2	6.7
GAPC3 Vanilla Credit	8	6.1	1.3	4.8
GAPC4 Credit Correlation	22	10.5	10.5	0
GAPC5 Interest Rate Derivatives	15	6.9	6.9	0
GAPC6 Convertibles	2.5	0.8	0.8	0
GAPC7 Equity Derivatives	5	1.5	1.5	0
GAPC8 Alternative Assets	15	1.3	1.3	0

Natixis backtesting for regulatory scope

The solidity of the VaR indicator is measured on a regular basis in comparison with changes in daily trading results. This allows for a subsequent comparison of loss potential, as expected ex-ante by VaR, with actual losses.

The chart below shows the results of this exercise performed for the regulatory scope.

NATIXIS REGULATORY SCOPE BACKTESTING

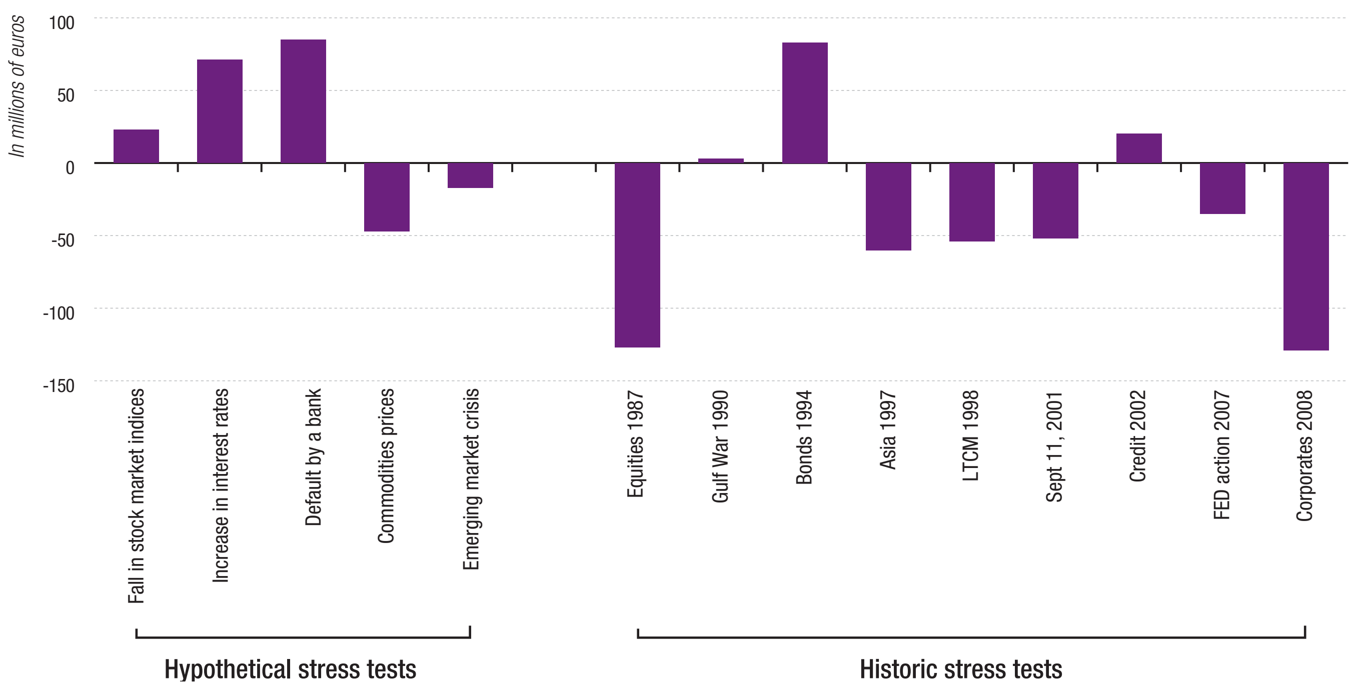


The adoption of this new VaR method for the approved scope in late 2008 also resulted in a reduction in the number of backtesting exceptions over the whole year under review, with no exceptions observed over year-on-year.

Stress testing results

Natixis continued with the redefinition of its global stress tests (hypothetical and historic). Three new historic stress tests (in addition to the existing six) and two new hypothetical stress tests (in addition to the three already in place) were implemented.

GLOBAL STRESS TESTS AT DECEMBER 31, 2009



F/ GLOBAL STRESS TESTS

The table below shows the results of global stress tests at December 31, 2009 for Natixis and Bred Banque Populaire:

	Stress Test 1 Fall in stock market indices	Stress Test 2 Increase in interest rates	Stress Test 3 Default by a bank	Stress Test 4 Commodities prices	Stress Test 5 Emerging market crisis
Natixis	**23**	**71**	**85**	**(47)**	**(17)**
Durable	25	78	121	(11)	(7)
Segregated	(2)	(7)	(36)	(36)	(10)
BRED	**(70)**	**(2)**	**(41)**	**(47)**	**(14)**
Trading desk	1	13	9	(8)	2
Corporate treasury	(70)	(15)	(50)	(39)	(15)
TOTAL	**(47)**	**69**	**44**	**(94)**	**(31)**

The scope concerned its sensitive to stress tests relating to stock market indices, as well as commodities prices by contagion relating to stock market indices.

The table below shows the results of historic stress tests at December 31, 2009 for Natixis and BRED Banque Populaire:

	Equity crash 1987	Bond crash 1994	Asian crisis 1997	LTCM 1998	September 11 2001	Credit crash 2002	Gulf War 08/90	Subprime Fed action 08/07	Corporate/ ABS/MBS crisis 03/08
Natixis	**(127)**	**83**	**(60)**	**(54)**	**(52)**	**20**	**3**	**(35)**	**(129)**
Durable	34	79	(33)	(23)	(21)	46	29	4	30
Segregated	(161)	3	(27)	(31)	(31)	(26)	(26)	(39)	(159)
BRED	**9**	**(20)**	**(38)**	**(24)**	**(46)**	**(25)**	**0**	**(18)**	**(33)**
Trading desk	78	(12)	7	(1)	(3)	(3)	26	(1)	(5)
Corporate treasury	(69)	(8)	(44)	(23)	(43)	(20)	(26)	(17)	(25)
TOTAL	**(118)**	**63**	**(98)**	**(78)**	**(98)**	**(5)**	**3**	**(53)**	**(162)**

The scope concerned is sensitive to historic stress tests relating to the 1987 equities crash in the amount of -€118 million via the Group's exposures to hedge funds within the scope of Natixis Segregated, and relating to the 2008 financial crisis in the amount of -€162 million via exposures to securitizations contained within the scope of Natixis Segregated.

G/ WORK CARRIED OUT IN 2009

Within the Banque Populaire banks, market risk monitoring tools were rolled out in order to allow for the preparation of risk reports and normalized economic results, with a roll-out on an operational basis of the market risk management system.

The end of the reconciliation of transaction inventories by the banks will mark the completion of this roll-out. The market data reference system has also been brought into production and is used to input data into the market risk monitoring tool.

Within the framework of the creation of BPCE, the monitoring of the risks and results of central treasury and refinancing activities was developed in accordance with regulatory requirements.

Specific stress scenarios were implemented. In addition, work relating to market stress scenarios with BRED allowed for convergence towards a shared definition with Natixis, offering an overview and consolidated monitoring of market risk using shared stress scenarios.

For the Caisses d'Epargne, daily reports on market risk monitoring using VaR are produced for the business units, the Group Finance department and the Group Risk Management department.

Furthermore, work on the roll-out of shared market stress scenarios (Natixis and BRED Banque Populaire) is in progress across the Caisses d'Epargne.

3.1.7 Operational risk

A/ DEFINITION

Groupe BPCE's operational risk management is based on a series of methods based on the Group Risk Management Charter approved by the Management Board on December 7, 2009.

In the charter, operational risk is defined as any risk of losses resulting from an inadequacy or a shortcoming relating to procedures, staff, internal systems or external events. The definition excludes strategic risks alone.

B/ OPERATIONAL RISK MANAGEMENT ORGANIZATION

Within this framework, the duties assigned to the Operational Risk Management division of BPCE's Group Risk Management department are structured around:

- risk mapping based on uniform valuation standards across the entire Group. The Group Risk Management department works in collaboration with the Compliance department to include compliance risk, in accordance with the Group's charters;

- definition of operational risk indicators (rate of complaints, number of cases pending guarantees, number of suspended cases out of number of cases being processed, rate of fraudulent transactions out of total transactions, etc.);
- monitoring of risk coverage (plans of action, business continuing plan, insurance);
- management of a database of losses relating to proven operational risk incidents;
- permanent risk monitoring, in particular consolidated summary reports sent to the various bodies, investigations and analysis of significant major incidents at Group level, approval and supervision of remedial or preventative plans of action relating to such major incidents;
- management of operational risk information systems, in close collaboration with the IT departments, defining the standards to be applied for the measurement, control, reporting and management of operational risk.

C/ WORK CARRIED OUT IN 2009

The team was built up with the creation of a Supervision and Management unit, comprising five operational risk managers, each in charge of a dedicated area:

- BPCE (BPCE, insurance subsidiaries, other network and international subsidiaries, excluding Natixis);
- BPCE subsidiaries;
- Caisses d'Epargne;
- Banque Populaire banks;
- Natixis and real estate activities.

The aim is to obtain a uniform operational risk management system across the entire scope.

In order to achieve this, priority was given to the following in 2009:

BPCE and subsidiaries

Creation and development, with the appointment at the end of the year of two operational risk managers for BPCE SA and its subsidiaries, has allowed for the definition of a plan for the roll-out of operational risk management procedures at these entities.

This prioritizes the following actions:

- appointment of Operational Risk Managers (MRO), prioritizing the main departments contributing to operational risk (Operations department, Finance department for Cash Management Transactions);
- implementation of the Group warning procedures at these activities;
- collection of incidents;
- identification of risks for risk mapping.

Caisse d'Epargne network

Consolidation of the existing scope by means of:

- steering of standardization projects and selection of best practices relating to management of incidents and mapping of risks for listing.

  The resulting deliverables consist of:

  - a standardized catalogue of the most frequent incidents, including their business description,
  - a standardized catalogue to help with listings including scenarios, frequency factors and impact factors,
- dissemination and implementation within the Caisses d'Epargne of the Groupe BPCE warning system for operational risk incidents.

Banque Populaire network

After finalization of the roll-out of ORIX, the operational risk management tool, a single reference system of risks common to all of the Group's banks was made available in the ORIX tool in November 2009. This now forms the basis for mandatory recording of all operational risk incidents.

In 2009, the Banque Populaire network also set up a Permanent Control working party in collaboration with the Compliance department. This allowed for standards for first and second-tier controls to be drawn up, defined under the responsibility of each bank. A library of existing controls was also prepared to enable each bank to complete its system of controls. Work is continuing on the creation of a common system of reporting to the central body by means of the implementation of a Group Permanent Control tool.

Lastly, a number of plans of action relating to major incidents within the Banque Populaire network have been launched at department level: audits of low-interest loans to farmers and cases of fraud on funds transferred remotely.

In addition, as part of its responsibility for permanent supervision of risks across the Banque Populaire network, the Group Operational Risk Management department prepares quarterly reports following a monitoring phase specific to each entity and a Group report sent to the Executive Management departments and Risk Management departments of each entity.

Natixis/FONCIA and Nexity

In order to achieve integration into the Group's procedures, the head of operational risk at Groupe BPCE now attends Natixis's quarterly Operational Risk Management committee meetings. Warnings of over 1 million are sent immediately to BPCE and Natixis's Osirisk operational risk management tool has been made available to the head of operational risk at Groupe BPCE.

At FONCIA, risk mapping was carried out during the first half of 2009.

IT systems management

A project was launched to automate quarterly production of COREP regulatory statements (OPR details and OPR loss details) at each Group entity.

As part of the Sequana project, the Operational Risk Management department created a Group Operational Risk data mart, a data warehouse producing incidents and their impacts taken from the two loss reporting tools, Oris (former Groupe Caisse d'Epargne) and Orix (former Groupe Banque Populaire).

D/ OPERATIONAL RISK STEERING COMMITTEES

Operational risk steering within the Group is coordinated on two levels:

At the level of each Group entity, the Operational Risk Management committee can be combined with the Compliance Risk Management committee to create a Compliance and Operational Risk Management committee. The committee decides on the implementation of a risk management policy and ensures the relevance and effectiveness of operational risk management procedures. It monitors the level of risk and validates and oversees plans of action to reduce their exposure. It reviews recorded incidents and controls monitoring of corrective measures decided. Lastly, it reviews the contribution of the Risk Management department to the permanent controls plan. The committee meets at least twice a year.

At the level of Groupe BPCE, the Group Operational Risk Management committee meets quarterly.

Its permanent members are: BPCE's Operations Director, who acts as Chairman, the Chairman of a bank's Management Board, the Group Risk Management Director, and the Group Compliance and Security Director. committee meetings are attended by: Natixis' Risk Management Director and the Groupe BPCE Head of Audit.

The committee reports to the Group Risk Management department. Its main duties are:

- to validate mapping of operational risk at Group level,
- to validate plans of action,
- to prepare consolidated reports of losses.

E/ DEVELOPMENT OF GROUPE BPCE LOSSES (SOURCE: COREP, CONSOLIDATED AS AT DECEMBER 31, 2009)

Groupe BPCE's gross losses relating to operational risk amounted to €916.23 million over the period to December 31, 2009. On a like-for-like basis, the Group's gross operational losses decreased by 13.62% in 2009 relative to 2008.

This is because 2008 was impacted by a major incident due to a trading loss of €750 million.

In 2009, major events relating to operational risk concerned primarily:

- a loss of €475 million corresponding to an incident relating to the Madoff affair;
- an increase of €103 million observed in the execution, delivery and process management Basel II category.

BREAKDOWN AND DEVELOPMENT OF GROSS LOSSES BY BASEL II CATEGORY

in millions of euros (OPR Loss Detail 12/31/2009)	2008	2009	Change
Internal fraud	756.66	9.642	-99%
External fraud	56.50	558.64	889%
Employment practices and workplace safety	17.38	24.05	38%
Clients, products and business practice	73.32	65.36	-11%
Damage to physical assets	3.98	5.88	48%
Business disruption and systems failures	9.85	5.87	-40%
Execution, delivery and process management	143.04	246.79	73%
TOTAL	**1,060.73**	**916.23**	**-14%**

In 2009, the "external fraud" and "execution, delivery and process management" event categories generated the highest operating losses. The significant increase relative to 2008 was due to certain incidents with a significant impact recorded in 2009 (Madoff affair, fraud relating to remotely transferred funds, Appolonia affair, CNASEA etc.).

The 38% increase in the "Employment practices and workplace safety" category is due to HR disputes concerning payments of family bonuses following a wage reform since 2002.

The five heaviest losses for the Group in 2009 represented 62.6% of total losses recorded over the period. These relate to three regulatory categories:

- external fraud: €475 million;
- execution, delivery and process management: €80.3 million;
- clients, products and business practice: €20.07 million.

BREAKDOWN AND DEVELOPMENT OF GROSS LOSSES BY BASEL II BUSINESS LINE

	2008	2009	Change
Corporate finance	0.68%	0.66%	-17%
Trading and sales	75.89%	65.68%	-25%
Retail brokerage	0.92%	1.09%	2%
Commercial banking	2.80%	8.70%	168%
Retail banking	16.31%	20.79%	10%
Payment and settlement	1.88%	2.58%	19%
Agency services	0.78%	0.10%	-89%
Asset management	0.73%	0.30%	-64%
TOTAL	**100.00%**	**100.00%**	**-14%**

Over 95% of Groupe BPCE's losses relate to the following three business lines:

- trading and sales (65.68%);
- retail banking (20.79%);
- commercial banking (8.70%).

The sharp increase in the commercial banking Basel II business line (+168%) is due to an increase in losses relating to the external fraud, clients, products and business practice and executive, delivery and process management categories.

The 25% reduction in the trading and sales business line is due to the deconsolidation of the €750 million trading loss in 2008. However, the €475 million loss relating to the Madoff affair was written off against this category in 2009.

F/ WARNING PROCEDURE FOR INCIDENTS

The warning procedure for serious incidents has been extended to the entire scope of Groupe BPCE as validated by the Group Standards and Methods committee on December 15, 2009. The aim of this system is to enhance and reinforce the system for collecting losses within the Group.

An operational risk incident is deemed to be serious when the potential financial impact at the time the incident is detected is over €150,000 (€1 million for Natixis).

This includes operational risk incidents with a material impact on the image and reputation of the entity or the Group and operational risk incidents that could occur within other Group entities. The warning could limit the overall impact.

This procedure therefore encompasses material operational risks within the meaning of Article 17-*ter* of CRBF Regulation 97-02, for which the threshold is set at 0.5% of Tier-1 capital.

In 2009, on the basis of these criteria, 34 warnings were issued and centralized within the Group Risk Management department.

3.1.8 Risk related to equities

For investments in funds, the specific monitoring process implemented within CNCE has been maintained for Groupe BPCE.

It is to be extended to the Banque Populaire banks, which will benefit from:

- the existence of an online tool for the monitoring, control and management of requests for investments in funds, used by entities' finance and risk management departments: audit trail of opinions of the various parties in the investment request process;
- analysis of all Group funds and annual scoring by the Group's risk management teams;
- as part of the management of approvals given by BPCE to external asset management companies, *in situ* visits to these companies to obtain additional information, particularly about their risk control, to prepare the annual review of their approval. Assets under management for each asset management company are subject to limits defined and validated by the Group's Market Risk Management committee.

A/ DEFINITION

Risk of reduction in the value of investments in the bank's investment portfolio.

B/ STRATEGY AND AIM

BPCE SA no longer has any proprietary activities and therefore does not manage an equity book.

3.1.9 Liquidity, interest rate and exchange rate risk

The role of the Risk Management department forms part of the general organization of management of structural balance sheet risks (interest rate, liquidity and exchange rate risk).

The Financial Risk Management unit is responsible for second-tier controls of these risks. The Risk Management department validates the assumptions used to measure these risks, in particular:

- the list of risk factors identified and mapping of balance sheet and off-balance sheet risks, as well as economic scenarios used;
- back-testing of future production rates and early redemption rates;
- run-off distribution agreements, definition of instruments authorized to cover balance sheet risks;
- monitoring indicators, rules and frequency of reports to the ALM committee;
- agreements and processes for the reporting of information; control standards relating to the reliability of assessment systems, procedures for setting limits and managing breaches of limits, monitoring of plans of action.

The Risk Management department instructs requests for ALM limits. It validates the stress scenarios submitted to the ALM committee. It defines stress scenarios in addition to Group stress scenarios if necessary.

The Financial Risk Management unit controls:

- compliance of indicators calculated in accordance with the standards established by the ALM committee;
- observance of limits on the basis of the required information reported;
- implementation of plans of action to reduce risks.

These duties are the responsibility of each entity's Risk Management unit for its own scope and the Group Risk Management department on a consolidated level.

Each entity sets out formal controls in a second-tier control report that includes information about:

- the quality of risk control procedures;
- observance of limits and monitoring of corrective plans of action in the event of limits being breached;
- and analysis of changes to the balance sheet and risk indicators.

Work carried out in 2009

A number of structural projects took place.

Workshops with Group entities were held by the Group Finance department, attended by the Risk Management department, to create a reference framework for Groupe BPCE's assets and liabilities management.

This reference framework lists the management and reporting rules adopted at the level of Groupe BPCE relating to assets and liabilities management.

It applies to all of the Group's retail banking entities.

Information provided by Natixis is entered into BPCE's assets and liabilities management software to produce analysis of the subsidiary's interest rate and liquidity risk as presented to the Group ALM committee. The ALM Risk unit validated the so-called "delta equivalent" method, which provides a more refined overview of interest rate risk relating to optional factors included in the balance sheet (home purchase savings loans, early redemptions and optional market instruments).

A/ LIQUIDITY RISK

Definition

Liquidity risk is defined as the risk that the entity will not be able to meet its commitments or be able to settle or offset a position due to the market situation.

Organization of liquidity risk management

Entities have autonomous control of their assets and liabilities management within a normalized framework, that of the Group ALM guidelines defined by the Group ALM committee and validated by the Group Risk Management committee.

Entities therefore share the same management indicators, the same risk models including the specific characteristics of their activities and the same limits rules allowing for consolidation of their risks. Liquidity risk is monitored on the basis of three axes: static, dynamic and stress.

Entities produce static liquidity gap indicators that allow them to obtain observation ratios. These provide the basis for the transformation limit. They are calculated yearly from the first year.

Entities produce dynamic liquidity gaps consistent with budget planning exercises and refinancing forecasts on a monthly basis. These refinancing forecasts are consolidated to create a Refinancing Plan validated by the Group ALM committee, which assesses the fit between requirements and resources.

Entities produce stress indicators of liquidity, systemic indicators, idiosyncratic indicators (credit profile) and mixed indicators on a three-month horizon. These stress scenarios are adapted to each business line: commercial banking, real estate finance and CIB.

Liquidity risk management and supervision procedures

Each entity has an ALM committee that meets at least once a quarter. The committee reviews indicators and decides on the financial transactions to be carried out to manage assets and liabilities and future production. Indicators are consolidated at Group level to enable the Retail Banking ALM committee and the Group ALM committee to validate management decisions at Group level. It therefore validates the Group Refinancing Plan.

Supervision procedures

The Group Risk Management department, which is responsible for permanent control of risks, is a member of the Group ALM committee. It validates the assumptions used by the Groupe BPCE Finance department in its assets and liabilities management and which are used to assess risk. It is involved in instructing structural ALM risk limits and the proposed stress scenarios presented to the Group ALM committee before they are proposed to the Group Risk Management committee. It is responsible for supervising the procedures in place on a consolidated basis to manage structural ALM risks and includes these risks in the Group's general risk reports and, under the same conditions, performs permanent controls of the central body's ALM risks (BPCE).

2009 exposures

In 2009, the level of exposure of the Group's various business lines did not show any breaches of overall limits. Temporarily, entities presented a breach of their individual limits.

These breaches were subject to rapid measures to bring them back within the limits set.

At December 31, 2009, the average ratio of coverage of assets by liabilities for the next five years is:

- 97% for the Caisse d'Epargne network;
- 113% for the Banque Populaire banks.

Risk reduction techniques

As regards liquidity management, within the current framework and in the scenario of a temporary crisis, the most liquid assets constitute a liquidity reserve allowing the entity to adjust its cash position through a repurchase agreement on the market or by means of mobilization of assets with the Central Bank or even by means of their disposal.

In the case of a prolonged crisis, entities may have to reduce the size of their balance sheet gradually through the definitive disposal of assets.

In the current situation, the least liquid assets can be converted into liquid securities, such as covered bonds or securities that can serve as collateral, by means of the securitization of loans granted to retail clients of the bank networks, as well as loans granted to companies.

Lastly, diversifying sources of financing in terms of structures, investors, and financing with or without collateral, helps to reduce the liquidity risk.

B/ INTEREST RATE RISK

Definition

Structural interest rate risk: is defined as the risk in the event of change in interest rates due to all balance sheet and off-balance sheet transactions, except for – if applicable – transactions subject to market risk.

Aims and policy

The aim of assets and liabilities management is to ensure the durability of margins achieved and the development of the entity. In this respect, interest rate management needs to cover margins achieved by the commercial sphere in the long term and manage the transformation allowed by limits in the short term.

Interest rate risk management

Interest rate risk is managed using two types of static and dynamic indicators: Entities calculate interest rate gaps, which provide the basis for static interest rate risk limits. These are used to validate the main balance sheet ratios.

Entities calculate projected interest margins over several years. By applying temporary interest rate shocks, the sensitivity of the projected interest margin is calculated, which provides the basis for limits.

Methodology

A central interest rate scenario for all entities is proposed by Natixis's economists and used to calculate projected interest margins.

Exposure as at December 31, 2009

The table below shows the interest rate gap for the Caisse d'Epargne network according to the old rules:

in billions of euros	2010	2011-2015	2016-2020
Gap (euros)	(11.50)	(10.41)	(5.43)

The table below shows the interest rate gap for the Banque Populaire network according to the old rules:

in billions of euros	2010	2011-2015	2016-2020
Gap (euros)	1.88	(1.45)	(2.78)

C/ EXCHANGE RATE RISK

Definition

Structural exchange rate risk: is defined as the risk affecting receivables and securities in foreign currencies held within the framework of the banking portfolio or participating interests, due to changes in the exchange rates of these currencies expressed in the national currency.

Monitoring procedures

For Groupe BPCE (excluding Natixis), foreign exchange risk 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 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. Natixis's 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 sensitivity of the solvency ratio. The resulting risk indicators are submitted to the Group ALM committee on a quarterly basis.

3.1.10 Securitization transactions

The prudential requirements of the EU directive as adapted to French law by the decree of February 20, 2007 concerning securitization transactions are distinct from conventional loan transactions. Two methods are used to measure the risk exposure of securitization transactions: the standardized approach and the internal ratings based approach with specific weighting categories.

A/ DEFINITIONS

Conventional securitization: this consists of the transferal to investors of financial assets such as loans or receivables, transforming these loans into financial securities issued on the capital market by means of an *ad hoc* company.

Securitization of this kind is achieved by grouping together a portfolio of similar receivables transferred to an *ad hoc* structure, which finances the purchase price by placing the securities with investors. Each of these securities represents a fraction of the portfolio of securitized loans and entitles investors to receive payments in the form of interest and principal repayments.

Synthetic securitization: transaction for which the assets on which flows of asset backed securities are based are not sold. There is no transfer of ownership to the securitization common fund. Therefore, in a synthetic transaction, ownership of the asset is not transferred but the risk is transferred to a financial instrument, the credit derivative.

Tranche: a fraction of the credit risk set out contractually and which is associated with an exposure or exposures. Each fraction contains a specific credit risk according to the rating of subordination, independently of credit protection obtained directly from third parties.

Securitization position: exposure to a securitization transaction or arrangement. Securitization positions comprise exposures to a securitization resulting from interest rate or foreign exchange derivatives.

Liquidity line: the securitization position resulting from a financing agreement with the aim of ensuring the temporary nature of payment flows to investors.

B/ STRATEGY AND AIM

BPCE does not have any proprietary securitization activities. It manages the former CNCE securitization portfolio on a run-off basis with the help of Natixis AM (management mandate).

C/ TOTAL OUTSTANDINGS: EXPOSURE TO RISK RELATING TO SECURITIZATION TRANSACTIONS

At 12/31/2009 **Value of exposure** *in millions of euros*	**Outstandings**
Conventional securitization	43,744
Synthetic securitization	12,009
TOTAL	**55,754**

D/ CAPITAL REQUIREMENTS

Bank portfolio without securitization deducted from capital

INVESTOR

At 12/31/2009 *in millions of euros*	**At-risk exposure**	**Risk-weighted assets**	**Capital requirement**
Balance sheet exposure	7,121	1,187	95
Off-balance sheet exposure	3,058	470	38
TOTAL	**10,179**	**1,657**	**133**

ORIGINATOR

At 12/31/2009 *in millions of euros*	**At-risk exposure**	**Risk-weighted assets**	**Capital requirement**
Balance sheet exposure	11,103	591	47

SPONSOR

At 12/31/2009 *in millions of euros*	**At-risk exposure**	**Risk-weighted assets**	**Capital requirement**
Balance sheet exposure	739	408	33
Off-balance sheet exposure	2,874	2,199	176
TOTAL	**3,613**	**2,606**	**208**

Source: Natixis.

E/ BREAKDOWN BY WEIGHTING TRANCHE

IRB

12/31/2009 *in millions of euros*	**6%-10%**	**12-15%**	**20-35%**	**50-75%**	**100%**	**250%**	**425%**	**650%**	**1,250%**	**Transparency method**	**Supervisory formula method**
EAD	1,744	4,150	1,914	542	174	119	176	46	1,335	738	11,107

STD

12/31/2009 *in millions of euros*	**20%**	**50%**	**100%**	**350%**	**1,250%**	**Transparency**
EAD	20,153	1,505	1,014	65	1,298	5,813

3.2 Legal risks

The main legal proceedings concerning BPCE and its main fully consolidated subsidiary, Natixis, are described below.

To date, to BPCE's knowledge, there are no other government, legal or arbitration proceedings, including any proceedings of which the company is aware, that are pending or of which it is at risk, that may have or have had over the last 12 months a material impact on the financial position or profitability of BPCE and Groupe BPCE.

3.2.1 BPCE

CAISSE D'EPARGNE ÎLE-DE-FRANCE (CEIDF)

a) Overview

In a ruling given at 3.00pm on July 31, 2009, the Paris Court of Appeal ruled that the works council of Caisse d'Epargne Ile-de-France (CEIDF) did not obtain all of the required information about the proposed merger between the Groupe Banque Populaire and the Groupe Caisse d'Epargne and the creation of the new central body, BPCE. The Court of Appeal's ruling requires CEIDF to repeat the consultation process and prohibits it from implementing the proposed merger until its works council has received the required information. BPCE takes note of this ruling, which contradicts the decision of the Court of First Instance of July 10, 2009, when the judge dismissed the case of the plaintiff trade union organizations, deeming that sufficient information had been provided for the CEIDF works council to give an informed opinion. The judge in chambers' decision of July 31, 2009, ruling on appeal, does not call into question the legal existence of BPCE, the central body of the Banque Populaire and Caisse d'Epargne banks. CEIDF's attendance at BPCE's statutory meetings is valid. CEIDF is affiliated by law to BPCE, which has to perform its legal and regulatory duties as central body.

CEIDF has referred the case to the Court of First Instance by means of a summons of August 6, 2009, for an admission that it respected all of its commitments to its representative bodies, as already recognized by the Court of First Instance on July 10, and has made an appeal against the Court of Appeal's decision, notification of which was given on August 13, 2009. CEIDF also called a meeting of its works council on August 19.

Pending the conclusions of the court, Groupe BPCE is operational for its networks and to serve its clients. These legal proceedings are restricted to CEIDF. The Court of Appeal, ruling on the claims against CEIDF and CNCE, has only granted some of the claims from appellants against CEIDF. However, the rest of appellants' claims against CEIDF and all of their claims against CNCE were rejected by the Court of Appeal. In our opinion, this legal dispute should not have any financial consequences for BPCE.

b) Event

On October 27, 2009, the Paris Court of First Instance ruled that CEIDF's management regularly informed the works council in relation to the proposed merger between Caisse Nationale des Caisses d'Epargne and Banque Fédérale des Banques Populaires.

The court therefore believes that another consultation of the works council is not required.

The trade union organizations and the works council have lodged an appeal against this decision. To date, no date has been set for a hearing.

The works council has decided not to appeal any further against this decision. SUD and CGT are continuing with the proceedings. The hearing date is not yet known.

March 3, 2010: withdrawal of Caisse d'Epargne Île-de-France's appeal to the final court of appeal.

No provision has been set aside.

CAISSE D'EPARGNE DE MIDI-PYRÉNÉES

a) Proceedings

On June 23, 2009, the works council of Caisse d'Epargne de Midi-Pyrénées (CEMP) initiated legal proceedings before the Toulouse Court of First Instance against CEMP, accompanied by its request for a certain number of claims for the judge to note the failure to complete the prior consultation phase with the council, and to order CEMP to provide a number of additional documents within one month and subject to a fine of €5,000 per day of delay, and to stay an execution on any decision by CEMP's Orientation and Supervision committee relating to the merger between the Groupe Caisse d'Epargne and the Groupe Banque Populaire pending completion of the works council consultation procedure, subject to a fine of €500,000 per violation.

By a ruling of July 10, 2009, the judge in chambers at the Toulouse Court of First Instance dismissed all of the claims of CEMP's works council, considering in particular that CEMP had "provided its works council with all of the information it had available, that discussions took place during six meetings that enabled the works council to ask the questions it wanted, that the works council received the assistance of an expert whose report could be discussed, that consequently the works council was in a position to give an opinion, and that Caisse d'Epargne de Midi-Pyrénées had grounds to consider the procedure finished at the end of the meeting of June 18, 2009."

b) Event

CEMP's works council lodged an appeal against this ruling.

The case was pleaded before the Toulouse Court of Appeal on February 17, 2010. In a decision of April 7, 2010, the Court of Appeal confirmed the judge's ruling of July 10, 2009.

The case relates only to Caisse d'Epargne de Midi-Pyrénées. No provision has been set aside.

DEMINOR SUMMONS

Entity concerned: BPCE

On December 31, 2009, a summons to the Paris Commercial Court was delivered to BPCE, Natixis, Charles Milhaud and Philippe Dupont at the request of 735 holders of Natixis shares, coordinated by shareholder advisory firm Deminor. The claimants believe that their rights were infringed by Natixis's IPO in December 2006 at €19.55 per share, as well as the financial information distributed in 2007 and 2008. Due to the fall in the share price since 2007, they estimate their individual loss at between €2,000 and €5,000 each, representing a total of around €4.5 million including non-pecuniary damage:

- by a ruling of February 11, 2010 by the Chairman of the Paris Commercial Court, it is said that because the claimants include one of the judges of the same court, the case must be reviewed by another court of law and transferred to the Chairman of the Paris Commercial Court for him to designate the court of referral;
- by a ruling given by the first Chairman of the Paris Commercial Court on March 2, 2010, the case was referred to the Bobigny Commercial Court.

No provision has been set aside.

DOUBL'O – DOUBL'O MONDE FCP MUTUAL FUND

Entities concerned: certain Caisse d'Epargne banks summoned individually and CE Participations for the class action lawsuit by *Collectif* Lagardère.

a) Proceedings

Certain clients have held mediation procedures with the Caisse d'Epargne Group's mediator or the AMF's mediator. Individual legal actions have also been initiated against certain Caisse d'Epargne banks.

A lawsuit consisting of three summons at the request of Collectif Lagardère was initiated in August 2009 against Caisses d'Epargne Participations at the time of the creation of the Group before the small claims judge at the Court of the 7th *arrondissement* of Paris, the magistrate's court of the 7th *arrondissement* of Paris and the Paris Court of First Instance.

The lawsuit covers the interests of 242 clients. Summons by Collectif Lagardère and 242 clients: total claims of €5,010,604.04.

Individual summons of Caisse d'Epargne banks: total claims relating to lawsuits in progress relating to Caisse d'Epargne banks: €1,504,755[1], plus a claim in the Midi-Pyrénées region of €74,722,629,000 for a subscription of €524,400.

b) Events

Paris Court of First Instance

First hearing on October 28, 2009.

The case was adjourned to December 9, 2009 for communication of the claimants' evidence.

The case was adjourned to March 10, 2010 for the submissions in response from CE Participations. The pre-trial judge adjourned the case to June 16, 2010 for the submissions in response from the defendants on the inadmissibility of the case.

Small claims judge at the Court of the 7th arrondissement of Paris

The claimants raised the plea of the incompetence of the small claims judge at the Court of the 7th *arrondissement* of Paris. Hearing adjourned to January 26, 2010 at the magistrate's court of the 7th *arrondissement* of Paris, the only court able to rule on the competence of the small claims judge. On February 16, 2010, the magistrate's court of the 7th *arrondissement* of Paris ordered the referral to this court of the proceedings initiated by *Collectif* Lagardère and 13 other claimants before the small claims court. A hearing took place on April 13, 2010.

Saint-Etienne Court of First Instance

Caisse d'Epargne Loire Drôme Ardèche was advised on January 7, 2010 of a judicial enquiry against it for misleading advertising relating to the Doubl'O FCP mutual fund. The case is being examined in preparation for trial.

Magistrate's court

Defense hearing: January 26, 2009, adjourned to a defense hearing on April 13, 2010 on the inadmissibility raised by CE Participations. The magistrate adjourned the cases to July 6, 2010 for a speech for the defense on the plea of nullity and the possible referral to the Paris Court of First Instance.

No provision has been set aside at CE Participations.

BORROWERS' INSURANCE

Entities concerned: CE Participations and the Caisse d'Epargne banks

a) Proceedings

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. CNP, CNCE and the Caisse d'Epargne banks received summons on May 18, 2007 to the Paris Court of First Instance from *UFC-Que Choisir*, requesting that the share in the profits made on these insurance contracts should be paid over to the borrowers. *UFC-Que Choisir* is seeking a blanket judgment on CNP Assurances and the Groupe Caisse d'Epargne to pay it the sum of €5,053,193.83. The claims from clients of the Groupe Caisse d'Epargne amount to an average of €1,000, the largest being €10,027 and the smallest €112. The 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. It 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 the 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 the 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.

(1) *This list is not exhaustive. It based on information provided by the Caisse d'Epargne banks.*

The main French banks (BNP Paribas, CNCE and Caisses d'Epargne, Crédit Agricole SA, Groupe Banque Populaire, CIC Group, Société Générale), aware of the statements made in the various media 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.

b) Events

The 17th Chamber of the Paris Court of First Instance gave its ruling on the case between various French banks, including CNCE, and the consumer association *UFC-Que Choisir* on September 23, 2009. All comments are considered defamatory, in that they are detrimental to the honor and consideration of all banks, including the Caisses d'Epargne banks.

However, the court believed that regardless of the clear responsibility of the consumer association, it could use the excuse that it was acting in good faith, thereby making it exempt.

In a ruling of December 8, 2009, the Paris Court of First Instance declared:

- the claim in voluntary joinder from UFC supporting the claims of the initial claimant admissible;
- the third party notices formed by the initial claimant and UFC against the Caisses d'Epargne other than Caisse d'Epargne Île-de-France inadmissible;
- the claims in voluntary joinder from 10 clients of CEIFD admissible;
- the claims of all other policyholders inadmissible.

The case was referred to the pre-trial hearing of February 16, 2010 for the lodging of the submissions of Caisse d'Epargne Île de France and Caisse Nationale d'Epargne et de Prévoyance. A hearing was set for April 13, 2010, during which CNP filed its submissions.

The case was adjourned to June 15, 2010 on the submission of the claimants.

No provision has been set aside.

SANCTION FROM THE COMMISSION BANCAIRE AGAINST CAISSE NATIONALE DES CAISSES D'EPARGNE

Entity concerned: BPCE

In a decision announced on July 15, 2009, the Commission Bancaire issued a reprimand and a financial sanction of €20 million against Caisse Nationale des Caisses d'Epargne (CNCE).

CNCE takes note of this decision, noting that it constitutes the first-time application of the French Law on the Modernization of the Economy ("LME") of August 4, 2008, which has increased the maximum amount of financial sanctions that may be imposed by the Commission Bancaire by 10x to €50 million.

This sanction follows enquiries carried out by the Commission Bancaire following the heavy market loss of October 2008, which prompted CNCE to file a claim as part of a criminal procedure.

Since then, as highlighted by the Commission Bancaire's decision, the necessary corrective measures have been taken: internal sanctions have been imposed, all transactions in doubt have been stopped, and assets still in the portfolio are subject to tighter management on a run-off basis under the supervision of the Commission Bancaire.

In order to protect its social interests and in view of an order of June 11, 2009, the European Court of Human Rights (Dubus SA versus France) relating to observance of the rights of the defense before the Commission Bancaire, CNCE decided to appeal against this decision.

The sanction was paid in the second half of 2009.

AMF NOTICES RELATING TO THE ISSUANCE AND MARKETING OF SUBORDINATED REDEEMABLE SECURITIES BY THE GROUPE CAISSE D'EPARGNE

Entity concerned: CE Participations

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 CNCE and marketing by Caisse d'Epargne banks 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 10 of the Caisse d'Epargne banks. In the statements of objection sent to the 10 Caisse d'Epargne banks, the AMF criticizes these entities for: (ii) having procured the subscription of subordinated redeemable securities issued by 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 CNCE, the AMF indicates that 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 Caisse d'Epargne banks), and (ii) by neglecting its duties as the entity overseeing the Caisse d'Epargne banks and thus its obligation to protect the savings of retail customers (reference was made to the objections lodged against the Caisse d'Epargne banks).

After having analyzed these statements, CNCE and the Caisse d'Epargne banks 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 CNCE as much with respect to its status as issuer as in its role as central institution. He dismissed the objections lodged against the Caisse d'Epargne banks 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 CNCE of any wrongdoing, but imposed pecuniary commissions on the Caisse d'Epargne banks against which objections had been lodged (decision published on June 20, 2008 on the AMF's website). The sanctions imposed against Caisse d'Epargne de Provence-Alpes-Corse, Caisse d'Epargne de Bourgogne Franche-Comté, Caisse d'Epargne d'Île-de-France, Caisse d'Epargne d'Aquitaine Poitou-Charentes, Caisse d'Epargne de Normandie Côte d'Azur and Caisse d'Epargne de Rhône-Alpes amount to between €50,000 and €320,000. The Caisse d'Epargne banks appealed against the decision on August 5, 2008.

The case is being examined in preparation for trial. The Council of State has not set a provisional timetable.

No provision has been set aside.

PROCEEDING BEFORE THE CONSEIL DE LA CONCURRENCE RELATING TO TRUNCATED CHECK EXCHANGE

Action concerning CE Participations and BP Participations

On March 18, 2008, CNCE and BFBP, 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.

The timetable for the procedure is as follows:

- March to June 2008: banks notified of the objections and respond.
- August 2008: banks notified of the report.
- September 2008 to July 2009: suspension of the deadline for responding to the report to allow for the confidentiality of the price survey requested by the banks to be removed. Launch of an expert evidence hearing by the *Rapporteur Général* to check the validity of the calculations made by the *Rapporteurs* on the basis of the survey.
- August 27, 2009: banks notified of an additional report limited to assessing the damage to the economy.
- November 2, 2009: statements submitted in response from banks.
- November 24, 2009: hearing interrupted.
- December 11, 2009: *Autorité de Concurrenc*e issues a proposed decision concluding that the case be referred for investigation so that the parties have access to the full price survey (quantitative and nominative information).
- January 6, 2010: the *Rapporteur Général* sends the boards of the parties involved a CD-ROM containing the responses of companies responding to the price survey, without concealing their name, meaning that the information is no longer classified.
- March 8, 2010: parties' observations submitted.
- The *Autorité de la Concurrence*'s decision will be announced on September 20, 2010.

No provision has been set aside.

A hearing took place on April 13, 2010.

3.2.2 Natixis

JERRY JONES ET AL. VERSUS HARRIS ASSOCIATES LP

Entity concerned: Harris Associates LP, a wholly-owned subsidiary of Natixis Global Asset Management

In August 2004, three shareholders acting in the name of and on behalf of three investment funds (Oakmark Fund, Oakmark Equity and Income Fund and Oakmark Global Fund) filed a complaint against Harris Associates LP before the United States District Court for the Northern District of Illinois. The plaintiffs alleged that Harris Associates LP billed services to these three funds at an excessively high rate in light of applicable regulations. These proceedings are among numerous legal claims initiated in recent years against investment advisors. Harris Associates and the plaintiffs filed a motion for summary judgments.

On February 27, 2007, the judge accepted all aspects of the request of Harris Associates and rejected that of the plaintiffs. The plaintiffs appealed against this decision on March 20, 2007. Both parties filed written arguments and appeared before the Court of Appeals on September 10, 2007.

On May 19, 2008, a trial bench at the Court of Appeals for the Seventh Circuit confirmed the District Court's ruling in favor of Harris Associates LP.

On June 2, 2008, the plaintiffs requested a review of their appeal by the entire Court of Appeals.

On August 8, 2008, the Court of Appeals rejected the plaintiffs' request for a review of their appeal.

On November 3, 2008, the plaintiffs filed an appeal with the United States Supreme Court for the decision to reject the appeal to be revoked.

On March 9, 2009, the Supreme Court agreed to hear the plaintiffs' motion. The speech for the defense took place on November 2, 2009. A decision is expected during the first half of 2010.

No provision has been set aside.

CLASS ACTIONS IN THE UNITED STATES RELATING TO MUNICIPAL GUARANTEED INVESTMENT CONTRACTS

Entity concerned: Natixis SA and Natixis Funding Corporation

Since March 13, 2008, Natixis and Natixis Funding have been named among the defendants in a number of class actions filed by and in the name of a number of states, counties and municipalities issuing bonds with the courts of New York, Washington D.C. and California. The actions concern alleged collusion between suppliers and brokers of municipal derivatives in price fixing and bid-rigging between 1992 and today. The various plaintiffs have also named some 30-plus other US and European banks and brokers as defendants. Some of the plaintiffs are seeking the recognition of their right to a class action suit comprising all government entities on a local, municipal and state level, independent government agencies and private entities that have bought municipal derivatives from the defendants or defendant brokers between 1992 and the present day, and the payment of damages and interest for alleged anti-competitive behavior. These actions have been consolidated in the United States District Court for the Southern District of New York under the name of In Re: Municipal Derivatives Antitrust Litigation.

These various requests for damages and interest are the result of investigations currently being conducted in the United States by the US Internal Revenue Service (the "IRS"), the antitrust division of the department of Justice (the "DOJ") and the Securities and Exchange Commission (the "SEC") and principal state counsels. On April 30, 2009, the Court rejected the plaintiffs' motions against all of the defendants but authorized the defendants to change their motions. On June 18, 2009, the plaintiffs submitted a second motion as part of a class action suit.

Natixis Funding is cited as defendant on the same basis as previously and the motion expressly cites a former employee of Natixis Funding but Natixis is no longer cited in the new motions. The defendants have asked for this second motion to be rejected. In a decision of March 25, 2010, the Court rejected the petition for inadmissibility submitted by all of the defendants. The proceedings against the defendants will therefore continue.

Individual plaintiffs not involved in the class action suit but whose requests have been consolidated with the class action suit for pre-ruling purposes have also registered amended claims. Natixis Funding is named in each of these amended individual claims and Natixis in certain others. The allegations against Natixis Funding are substantially the same as in the motion of the class action lawsuit. The allegations against Natixis are that Natixis was the guarantor of Natixis Funding in the derivative transactions and that it was the agent of Natixis Funding. Natixis Funding and Natixis have filed submissions refuting these allegations.

At this stage, no compensation has been claimed.

No provision has been set aside.

MADOFF AFFAIR

Entity concerned: Natixis SA

Natixis has valued its maximum net exposure at €463 million. The effective impact of its exposure will depend on both the extent of recovery of assets invested in Natixis's name and the outcome of the measures taken by the bank, primarily legal. Natixis intends to exercise its rights by taking any legal action open to it both in France and abroad and has appointed law firms to assist it in these efforts.

A provision has been set aside.

CIC/CRÉDIT MUTUEL

Entity concerned: Natixis SA

On September 11, 2008, CIC and Crédit Mutuel issued a summons against the Lagardère Group and Natixis with a view to obtaining cancellation from the Paris Commercial Court of contracts under which they bought EADS shares from the Natixis group on a forward basis.

On the basis of a non-public report by the *Autorité des Marchés Financiers*, the plaintiffs allege that Lagardère SCA breached stock market law with the issue of bonds convertible into EADS shares subscribed by Natixis in April 2006.

No claims have been formulated against Natixis in the CIC Group's summons, concerning both the conclusion and execution of contracts. The legal argument put forward by the Crédit Mutuel group to question the validity of its purchases of EADS shares seems unfounded.

In a decision of January 27, 2010, the Paris Commercial Court declared the actions of CIC and Crédit Mutuel inadmissible and ordered them to pay €120,000 to Natixis and €50,000 to Lagardère in respect of Article 700 of the French Code of Civil Procedure. An appeal was lodged by the claimants against this decision.

The statement of appeal was passed on to the registry of the Court of Appeal on March 8, 2010. Natixis is in the process of briefing a solicitor to go before the Court of Appeal.

No hearing date has been set so far to our knowledge.

The dispute concerns the cancellation of an EADS contract to issue mandatory convertible securities. Under the terms of the summons, Natixis is asked to pay the claimants a total of around €28,000,000 in exchange for return of the shares.

No provision has been set aside.

COORDINATED FILING OF COMPLAINTS BY ADAM

Entity concerned: Natixis

In March 2009, a preliminary enquiry was ordered by the Paris public prosecutor's office following a complaint by minority shareholders of Natixis coordinated by the French minority shareholders' association ADAM (*Association de Défense des Actionnaires Minoritaires*). Within the framework of this enquiry, a search was conducted of Natixis's offices in May 2009. The enquiry is continuing. There are no preliminary proceedings or enquiries in progress.

No provision has been set aside.

ANAKENA/MAXIMUS

Entity concerned: Natixis

On November 13, 2009, the Maximus Master Fund Limited fund and its portfolio manager, Anakena, issued a summons against Natixis to the Paris Commercial Court to obtain payment of damages and interest of €59.9 million, alleging that Natixis had abused its rights as majority investor by asking the fund to buy out its investment in the middle of the financial crisis.

A hearing was held on April 13, 2010, during which Natixis pleaded inadmissibility for lack of standing. Another hearing is planned for July 8, 2010, for which the claimant party should have made its submissions.

No provision has been set aside.

3.3 Financial Stability Forum recommendations concerning financial transparency

3.3.1 Groupe BPCE excluding Natixis was exposed to the following risks at December 31, 2009

The tables below contain a starting value as at September 30, 2009. This date allows for uniform information as Groupe BPCE was created on July 31, 2009.

UNHEDGED SENSITIVE CDO EXPOSURES

ABS CDOs exposed to the US residential market

ABS CDOs with a subprime component presented gross exposure of €85 million as at December 31, 2009.

in millions of euros	Total
Net exposure at September 30, 2009	7
Fall in value in fourth quarter	0
Other changes	0
Net exposure at December 31, 2009	7

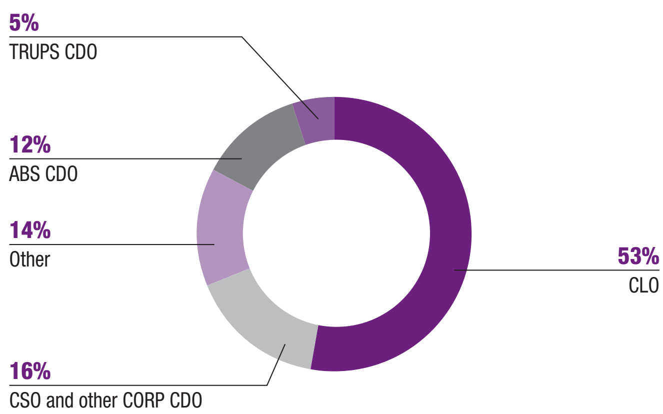
The Group's net exposure remained stable in the fourth quarter of 2009.

Other CDOs

Exposure by asset type *in millions of euros*	Net exposure at September 30, 2009	Change in value in Q4 - 09	Other changes	Net exposure at 12/31/2009
ABS CDOs	229	(3)	0	228
TruPS CDOs	124	(10)	0	96
CLOs	862	(5)	0	1,037
CSOs and other CORP CDOs	279	(13)	0	305
Other	308	(17)	0	261
TOTAL BPCE (EXCL. NATIXIS)	**1,801**	**(48)**	**175**	**1,928**

More than half of the Group's exposure to other CDOs concerns CLOs.

BREAKDOWN OF NET EXPOSURE



BREAKDOWN BY ACCOUNTING PORTFOLIO

Accounting portfolio *in millions of euros*	**Amount**	**Percentage**
Trading portfolio	15	1%
Fair value option asset portfolio	174	9%
Loans and receivables portfolio	1,142	59%
Available-for-sale assets portfolio	597	31%

BREAKDOWN BY RATING

Rating *in millions of euros*	**Amount**	**Percentage**
AAA	286	15%
AA	733	38%
A	204	11%
BBB	214	11%
BB	115	6%
B	34	2%
CCC	216	11%
D	0	0%
NR	126	7%

Protection purchased from counterparties to hedge CDO exposures

	At 12/31/2009			At 09/30/2009		
Protection purchased outside the US residential market *in millions of euros*	Gross notional amount of hedged instruments	Impairment of hedged CDOs	Fair value of protection	Gross notional amount of hedged instruments	Impairment of hedged CDOs	Fair value of protection
TOTAL	**500**	**(165)**	**165**	**502**	**(87)**	**87**

These exposures fit in with the negative base trade strategies implemented by CNCE with three major European banks concerning three separate transactions:

- two senior tranches of European US CLOs rated AAA by two ratings agencies at September 30, 2009 and December 31, 2009;
- a senior tranche of a European ABS CLO rated AA by S&P and BBB by Fitch at September 30, 2009, revised to B+ by Fitch at December 31, 2009.

Protection purchased from monoline insurers

The carrying value of the enhanced assets shown in the table below does not correspond to direct exposures to monoline insurers but to enhancements purchased from monoline insurers by Crédit Foncier relating to assets in the portfolio. These enhancement commitments take the form of financial guarantees (and not CDSs) and represent an additional guarantee for the enhanced asset.

in millions of euros At 12/31/2009 Enhanced assets			At 12/31/2008 Enhanced assets		
Gross notional amount of protection purchased	Gross notional amount of hedged instruments	Fair value of hedged instruments	Gross notional amount of protection purchased	Gross notional amount of hedged instruments	Fair value of hedged instruments
4,959	4,959	5,493	5,103	5,103	5,857

CMBS EXPOSURE

CMBS *in millions of euros*	Net exposure at 09/30/2009	Changes in value in Q4 - 09	Other changes	Net exposure at 12/31/2009
Trading portfolio	10	(3)	0	10
Fair value option asset portfolio	0	0	0	0
Loans and receivables portfolio	313	(20)	62	355
Available-for-sale assets portfolio	103	1	0	100
TOTAL	**426**	**(22)**	**61**	**465**

BREAKDOWN OF NET EXPOSURE BY RATING

Rating *in millions of euros*	**Amount**	**Percentage**
AAA	320.85	69%
AA	27.9	6%
A	0	0%
BBB	18.6	4%
BB	9.3	2%
CC	83.7	18%
CCC	4.65	1%

BREAKDOWN BY REGION

Germany	11%
Europe	27%
France	40%
Ireland	3%
Italy	4%
United Kingdom	14%
Switzerland	1%

Net exposure increased by 9% in the fourth quarter due to the increased exposure of Crédit Foncier.

New purchases made concern solely senior tranches rated AAA on European CMBSs.

The majority of the Group's exposure is rated AAA. The entire CMBS portfolio is in Europe.

Other at-risk exposure (RMBS, US loans, etc.) excluding Crédit Foncier's exposure in the form of European RMBSs does not constitute at-risk exposure in view of their intrinsic characteristics.

in millions of euros	**Net exposure at 09/30/2009**	**Changes in value in Q4 - 09**	**Other changes**	**Net exposure at 12/31/2009**
RMBS exposure	1,144	(16)	4	1,132

BREAKDOWN BY REGION OF NET EXPOSURE TO RMBS AT 12/31/2009

Country	**Percentage**
Other - Europe	50%
Spain	23%
United Kingdom	18%
Australia	9%

The main RMBS exposure is in Europe.

EXPOSURE TO EUROPEAN RMBS (IN MILLIONS OF EUROS)

RMBS Spain	Net exposure at 09/30/2009	Changes in value in Q4 - 09	Other changes	Net exposure at 12/31/2009
Trading portfolio	2	0	0	2
Fair value option asset portfolio	0	0	0	0
Loans and receivables portfolio	5	0	0	5
Available-for-sale assets portfolio	248	(8)	13	253
TOTAL	**255**	**(8)**	**13**	**260**

RMBS UK	Net exposure at 09/30/2009	Changes in value in Q4 - 09	Other changes	Net exposure at 12/31/2009
Trading portfolio	1	0	0	0
Fair value option asset portfolio	0	0	0	0
Loans and receivables portfolio	20	3	(3)	20
Available-for-sale assets portfolio	194	(4)	(3)	186
TOTAL	**214**	**(1)**	**(6)**	**206**

RMBS Netherlands	Net exposure at 09/30/2009	Changes in value in Q4 - 09	Other changes	Net exposure at 12/31/2009
Trading portfolio	11	0	1	12
Fair value option asset portfolio	0	0	0	0
Loans and receivables portfolio	2	0	0	2
Available-for-sale assets portfolio	169	(7)	8	169
TOTAL	**183**	**(7)**	**8**	**184**

RMBS Portugal	Net exposure at 09/30/2009	Changes in value in Q4 - 09	Other changes	Net exposure at 12/31/2009
Trading portfolio	0	0	0	0
Fair value option asset portfolio	0	0	0	0
Loans and receivables portfolio	2	0	2	4
Portfolio of assets held to maturity	1	0	0	0
Available-for-sale assets portfolio	115	(4)	0	111
TOTAL	**118**	**(5)**	**2**	**116**

RMBS Italy	Net exposure at 09/30/2009	Changes in value in Q4 - 09	Other changes	Net exposure at 12/31/2009
Trading portfolio	0	0	0	0
Fair value option asset portfolio	0	0	0	0
Loans and receivables portfolio	1	0	0	1
Available-for-sale assets portfolio	185	4	1	190
TOTAL	**186**	**4**	**1**	**191**

RMBS Other - Europe	Net exposure at 09/30/2009	Changes in value in Q4 - 09	Other changes	Net exposure at 12/31/2009
Trading portfolio	0	0	0	0
Fair value option asset portfolio	0	0	0	0
Loans and receivables portfolio	7	(2)	0	5
Portfolio of assets held to maturity	7	(2)	(1)	4
Available-for-sale assets portfolio	66	3	(5)	64
TOTAL	**80**	**(2)**	**(7)**	**72**

RMBS Australia	Net exposure at 09/30/2009	Changes in value in Q4 - 09	Other changes	Net exposure at 12/31/2009
Trading portfolio	3	0	0	3
Fair value option asset portfolio	0	0	0	0
Loans and receivables portfolio	1	0	0	1
Available-for-sale assets portfolio	101	0	(2)	100
TOTAL	**105**	**0**	**(2)**	**103**

BREAKDOWN BY RATING

	Rating			
RMBS Spain	AAA	AA	A	NR
Trading portfolio	2			
Fair value option asset portfolio	-			
Loans and receivables portfolio	5			
Available-for-sale assets portfolio	240	13		
TOTAL	**247**	**13**		**-**

RMBS UK	AAA	AA	A	NR
Trading portfolio	0			-
Fair value option asset portfolio	-			-
Loans and receivables portfolio	16			-
Available-for-sale assets portfolio	186	4		-
TOTAL	**203**	**4**		**-**

RMBS Netherlands	AAA	AA	A	NR
Trading portfolio	12			
Fair value option asset portfolio	-			
Loans and receivables portfolio	2			
Available-for-sale assets portfolio	165	5		
TOTAL	**179**	**5**		

RMBS Portugal	AAA	AA	A	NR
Trading portfolio	0			
Fair value option asset portfolio	0			
Loans and receivables portfolio	4			
Portfolio of assets held to maturity	0			
Available-for-sale assets portfolio	111			
TOTAL	**116**			

RMBS Italy	AAA	AA	A	NR
Trading portfolio	0			
Fair value option asset portfolio	0			
Loans and receivables portfolio	1			
Available-for-sale assets portfolio	190			
TOTAL	**191**			

RMBS Other Europe	AAA	AA	A	NR
Trading portfolio	0			0
Fair value option asset portfolio	0			0
Loans and receivables portfolio	0		5	0
Portfolio of assets held to maturity	0		4	0
Available-for-sale assets portfolio	64			0
TOTAL	**64**		**8**	**0**

RMBS Australia	AAA	AA	A	NR
Trading portfolio	3			-
Fair value option asset portfolio	-			-
Loans and receivables portfolio	1			-
Available-for-sale assets portfolio	-			100
TOTAL	**3**			**100**

Over 85% of the Group's total exposure relates to tranches rated AAA.

LBO EXPOSURE

in millions of euros at 12/31/2009	Number of counterparties financed	Outstanding commitments	Provisions	Net commitments
Banque Populaire banks	524	1,659	(88)	1,571
Caisse d'Epargne banks	1,196	1,439	(56)	1,383
TOTAL	**1,720**	**3,098**	**(144)**	**2,954**
Average commitment per transaction	-	1.8	-	1.7

The average net commitment per transaction is €1.7 million.

BREAKDOWN BY BUSINESS SECTOR

Services	28.5%
Industry	17.2%
Food	6.1%
Construction & public works	5.1%
Real estate	4.3%
New technologies	1.4%
Other	37.4%

Mutual funds at risk under management represent a total of €564 million.

3.3.2 Natixis's exposure at December 31, 2009

EXPOSURE TO ABS CDOS WITH A SUBPRIME COMPONENT

ABS CDOs with a subprime component presented gross exposure of €2,272 million at December 31, 2009. Impairment losses of €392 million were booked (excluding the effect of the BPCE guarantee) during 2009, bringing total cumulative impairment to €1,389 million.

in millions of euros	Total exposure
Net exposure at December 31, 2008 after impairment	1,275
Impairment	(392)
Net exposure at December 31, 2009 after impairment	883

EXPOSURE TO CREDIT ENHANCERS

in millions of euros	12/31/2009 Notional amount	12/31/2009 Exposure before value adjustments	12/31/2009 Value adjustments	12/31/2008 Notional amount	12/31/2008 Exposure before value adjustments	12/31/2008 Value adjustments
Insurance on subprime CDOs	567	79	(54)	1,393	757	(627)
O/w commuted transactions	-	-	-	581	340	(340)
Insurance on non-subprime CDOs	-	-	-	149	21	(21)
O/w commuted transactions	-	-	-	149	21	(21)
CLO protection	5,430	249	(136)	5,683	210	(68)
RMBS protection	643	178	(74)	927	164	(50)
CMBS protection	876	44	(40)	3,987	800	(361)
O/w commuted transactions	-	-	-	300	5	(5)
Other risks	8,566	2,571	(1,437)	6,220	1,240	(401)
TOTAL	**16,082**	**3,121**	**(1,741)**	**18,359**	**3,190**	**(1,528)**
O/w commuted transactions				*1,030*	*365*	*(365)*

in millions of euros	12/31/2009	12/31/2008
Exposure before value adjustments	3,121	3,190
Value adjustments	(1,741)	(1,528)
Collective provisions	-	(300)
Residual exposure	**1,380**	**1,363**
Percentage discount	56%	57%

An additional write-down was booked in 2009 in the amount of €213 million (excluding the currency impact and the effect of the BPCE guarantee), bringing total write-downs to €1,741 million at December 31, 2009 compared with €1,528 million at December 31, 2008.

PORTFOLIOS OF US RMBS, INCLUDING SUBPRIME RMBS

Exposures in the financial statements are as follows:

in millions of euros	Net exposure at 12/31/2008	Change in value 2009	Other changes	Net exposure at 12/31/2009
Trading portfolio	100	(1)	(78)	21
Fair value option asset portfolio	5	(1)	(4)	-
Loans and receivables portfolio	1,509	(173)	46	1,383
Available-for-sale assets portfolio	58	(2)	(56)	-
Non-wrapped	**1,672**	**(177)**	**(92)**	**1,403**
Trading portfolio	-	-	5	5
Loans and receivables portfolio	-	(28)	441	413
Wrapped[(1)]	**-**	**(28)**	**445**	**418**
Trading portfolio	-	(7)	73	66
Loans and receivables portfolio	4,011	-	(908)	3,103
US Agencies	**4,011**	**(7)**	**(834)**	**3,170**
TOTAL	**5,683**	**(211)**	**(481)**	**4,990**

GAPC guaranteed net exposure: 38%.
(1) Information about wrapped bonds was not provided in 2008 but for 2009 is included under "Other changes".

Breakdowns by rating and by type of underlying asset of US RMBSs were as follows at December 31, 2009.

	Breakdown by rating
AAA	67%
AA	3%
A	2%
BBB	3%
BB	3%
B	8%
CCC	9%
CC	3%
C	0%
D	2%

	Breakdown by underlying asset
US Agencies	64%
Prime RMBS	7%
Alt-A	10%
Subprime RMBS	11%
Other	9%

EUROPEAN RMBS

UK RMBS NET EXPOSURE

in millions of euros	Net exposure at 12/31/2008	Impairment 2009	Other changes	Net exposure at 12/31/2009
Trading portfolio	41	1	81	123
Fair value option asset portfolio	28	0	(15)	13
Loans and receivables portfolio	588	5	(158)	435
Available-for-sale assets portfolio	143	0	(22)	121
TOTAL	**800**	**6**	**(113)**	**693**

GAPC guaranteed net exposure: 90%.

Rating *Amount in millions of euros*	AAA	AA	A	BBB	BB	B	CCC	CC
Trading portfolio	32	20	20	20	-	-	-	31
Fair value option asset portfolio	13	-	-	-	-	-	-	-
Loans and receivables portfolio	346	58	24	7	-	-	-	-
Available-for-sale assets portfolio	10	8	28	28	46	1	1	-
TOTAL	**402**	**86**	**71**	**55**	**46**	**1**	**1**	**31**

SPANISH RMBS NET EXPOSURE

in millions of euros	Net exposure at 12/31/2008	Impairment 2009	Other changes	Net exposure at 12/31/2009
Trading portfolio	29	(3)	45	71
Fair value option asset portfolio	-	-	8	8
Loans and receivables portfolio	650	(1)	(127)	522
Available-for-sale assets portfolio	18	(4)	5	19
TOTAL	**697**	**(7)**	**(70)**	**619**

GAPC guaranteed net exposure: 99%.

Rating *in millions of euros*	AAA	AA	A	BBB	BB	B	CCC	CC
Trading portfolio	42	7	13	-	9	-	-	-
Fair value option asset portfolio	-	8	-	-	-	-	-	-
Loans and receivables portfolio	381	69	72	-	-	-	-	-
Available-for-sale assets portfolio	8	1	3	4	3	-	-	-
TOTAL	**432**	**85**	**87**	**4**	**12**	**-**	**-**	**-**

CMBS

in millions of euros	Net exposure at 12/31/2008	Impairment 2009	Other changes	Net exposure at 12/31/2009
Trading portfolio	687	(46)	(494)	146
Fair value option asset portfolio	44	(6)	(38)	-
Loans and receivables portfolio	157	3	(6)	154
Available-for-sale assets portfolio	199	(41)	6	163
TOTAL	**1,087**	**(91)**	**(532)**	**464**

GAPC guaranteed net exposure: 89%.

Breakdown by rating	
AAA	42%
AA	13%
A	27%
BBB	12%
BB	4%
B	1%
CCC	1%
CC	-
C	-
D	-

Breakdown by country	
United Kingdom	10%
United States	25%
Europe	65%

EXPOSURE TO LBO FINANCING

LBO portfolios are as follows by accounting portfolio.

in millions of euros for commitments	12/31/2009	12/31/2008
Final shares		
Number of cases	384	376
Commitments	5,167	5,864
Shares for sale (loans and receivables)*		
Number of cases	2	64
Commitments	79	366
TOTAL LOANS AND RECEIVABLES	**5,246**	**6,230**

* *o/w shares for syndication and residual shares to be sold on the secondary market*

in millions of euros for commitments	12/31/2009	12/31/2008
Final shares	-	
Number of cases	-	0
Commitments	-	0
Shares for sale (loans and receivables)*	-	
Number of cases	-	6
Commitments	-	8
TOTAL LOANS AT FAIR VALUE	**0**	**8**

* *o/w shares for syndication and residual shares to be sold on the secondary market.*

3.4 Risks relating to the BPCE guarantee for Natixis concerning part of GAPC

The guarantee system shielding Natixis against risks of future losses and the volatility of earnings caused by part of the "GAPC" portfolio of assets managed on a run-off basis, was approved formally on November 12, 2009, by the governing bodies of BPCE and Natixis, with retroactive effect as of July 1, 2009.

This guarantee system has been validated by the Commission Bancaire.

It concerns an equal share of 85% of risks relating to covered assets and is based on two mechanisms:

(i) a guarantee of the nominal amount, relating to assets recognized as "loans and receivables" (L&R) and available-for-sale securities (AFS) through the implementation of a financial guarantee with no time limit;

(ii) a guarantee of the value of trading assets through the implementation of total return swap contracts (one in dollars, the other in euros), coupled with an option mechanism allowing Natixis to benefit from any profits made on these assets. The option has a term of 10 years. If it is exercised, the TRS is canceled.

Income *in millions of euros*	Assets under financial guarantee Notional amount	Provision	Value adjustment	Net value at 12/31/2009
ABS CDO	0	0	0	0
Other CDO	6,650	0	(715)	5,935
RMBS	3,153	0	(627)	2,526
Covered bonds	34	0	0	34
CMBS	362	0	(60)	302
Other ABS	260	0	(36)	224
Covered assets	0	0	0	0
Corporate loans	1,783	0	(36)	1,747
TOTAL	**12,242**	**0**	**(1,474)**	**10,768**

Income *in millions of euros*	Assets under TRS + call Notional amount	Provision	Value adjustment	Net value at 12/31/2009
ABS CDO	2,130	0	(1,348)	782
Other CDO	537	0	(482)	55
RMBS	1,348	0	(479)	869
Covered bonds	746	0	(54)	692
CMBS	373	0	(124)	249
Other ABS	108	0	(26)	82
Covered assets	15,438	1,700	0	13,738
Corporate loans	4,588	0	(36)	4,552
TOTAL	**25,268**	**(1,700)**	**(2,549)**	**21,019**

Income *in millions of euros*	Total assets Notional amount	Provision	Value adjustment	Net value at 12/31/2009
ABS CDO	2,130	0	(1,348)	782
Other CDO	7,187	0	(1,197)	5,990
RMBS	4,501	0	(1,106)	3,395
Covered bonds	780	0	(54)	726
CMBS	735	0	(184)	551
Other ABS	368	0	(62)	306
Covered assets	15,438	(1,700)	0	13,738
Corporate loans	6,371	0	(72)	6,299
TOTAL	**37,510**	**(1,700)**	**(4,023)**	**31,787**

During the life of the guarantee system, changes in value and any additional provisions for the covered assets (at 85%) will be recorded as income at BPCE rather than Natixis (before any impact on the option mechanism). They are therefore recognized 100% as Group share for the portion relating to BPCE rather than divided between the Group share and minority interests.

Furthermore, on a prudential basis, the guarantee system has a neutral impact from the outset, as risk-weighted assets covered by the system are already fully consolidated by Groupe BPCE (which owns 72% of Natixis) under the full consolidation method.

- Guarantee relating to loan default: the scope relates to "loans and receivables" (L&R) and available-for-sale securities (AFS)

The BPCE guarantee comes into effect at 85% if there is a default:

- on the payment of a coupon;
- on repayment of the nominal amount.

- The mechanism implemented for trading assets: Total Return Swap (TRS)

The Total Return Swap (TRS) is a derivative instrument that allows for the performance of underlying assets to be exchanged.

Each year, at the exchange date:

- if the performance of the underlying asset has deteriorated, BPCE has to pay Natixis 85% of the underperformance of these assets,
- if the performance of the underlying assets has improved, Natixis has to pay BPCE 85% of the outperformance of these assets.

During the second half of 2009, the initial period of the guarantee, the impact of the guarantee was limited to +€19.4 million for BPCE.

The outstanding amount for the guaranteed scope decreased by €3 billion relative to June 30, 2009, mainly as a result of depreciation and asset sales.

3.5 Risks relating to the proprietary activities of Caisse Nationale des Caisses d'Epargne (CNCE)

The proprietary activities of the former CNCE have been managed on a run-off basis since the market incident of October 2008.

On the creation of BPCE, these activities were placed with CE Participations, still on a run-off basis. Management has been assigned to Natixis Global Asset Management since December 1, 2009, with the following system of delegation:

- risk delegation: control of observance of delegations by Natixis Global Asset Management's Risk Management department and the Group Finance department;
- monthly management report (presented by Natixis Global Asset Management to BPCE's Management committee): valuation of the portfolio, asset sales, breakdown of the portfolio and focus by asset class, short and medium/long-term management indicators;
- monthly risk reporting by the Natixis Global Asset Management Risk Management department: observance of delegations, changes to the portfolio and analytical monitoring, risk indicators;
- monitoring of BPCE risks: review by the Group Risk Management department for the BPCE Risk Management committee.

At December 31, 2009, total assets under management amounted to €3.19 billion. Of this, €2.7 billion relates to the "medium - long-term" portfolio, with a reduction – in line with targets – of 23% relative to December 31, 2008 (at December 31, 2009, CLOs made up 40% of the portfolio) and €364 million relates to the "delegated management" portfolio, down more than 40% relative to December 31, 2008.

These assets, recognized under loans and receivables, available-for-sale financial assets and financial assets designated as at fair value (Notes 5.5, 5.3 and 5.1 of the notes to the Group's consolidated financial statements), have been subject to an appraisal valuation that concluded a suitable level of provisioning. The rules for determining fair value and for the depreciation of financial assets are presented in paragraphs 4.1.6 and 4.1.7 respectively of the accounting policies section of the notes to the Group's consolidated financial statements.

3.6 Technical insurance risks

GCE Assurances

GCE Assurances sells primarily non-life and liability insurance products (motor, comprehensive home insurance, legal protection), personal risk insurance (personal accident) and health insurance.

The main risks to which the company is exposed are underwriting risks relating to its insurance business, the risk of default relating to its reinsurers and the risks relating to its investment portfolio.

UNDERWRITING RISK

This can be divided into three separate components:

- **under-pricing risk:** in order to ensure that the premiums paid by policyholders correspond to the risk transferred, GCE Assurances has adopted a policy of supervising its portfolio based on giving a score for each policy based on past events over the last three years. It takes into account in particular the nature, number and cost of claims and other variables specific to the business line concerned (rate of liability and level of bonus/penalties in car insurance, for example).

  The corrective measures planned may range from increasing the premium paid or even termination of the policy on expiry.

  This supervisory policy also helps to identify potential risks of serious claims and therefore contributes to the implementation of adequate reinsurance coverage in collaboration with the finance department;
- **under-provisioning risk:** at each inventory date, the technical department makes an actuarial valuation of provisions for claims to be paid out (those already known and those to be declared in the future). To do this, it uses methods widely recognized by the profession and demanded by the regulatory body.

  The final level of provisions is subject to a decision-making process involving the finance department and consisting of comparing work in order to achieve a "technical" consensus, validated by the accounts approval committee;
- **catastrophe risk:** Catastrophe risk is defined as exposure to a serious event generating a large number of claims (storm, civil liability risk etc.). Such risk can often only be covered to a limited extent by mutual insurance companies on a national scale in France, or is of such intensity that it may call the company's solvency into question. It is therefore subject to reinsurance coverage, either from the French government in the case of natural disasters or attacks, for example, or from private reinsurers in the case of storms or civil liability claims, or with reinsurance pools.

  GCE Assurances has carried out internal studies to identify potential sources of catastrophe risk and has compared them with a specialist broker. The company has decided to protect itself against this type of exposure on the basis of a payback period of 200 years. Priorities are adapted depending on the roll-out of the business.

RISK OF DEFAULT BY REINSURERS

This risk is defined as the inability of one or more reinsurers to honor part or all of their commitments to the company. In order to prevent this risk as best possible when placing its business each year, GCE Assurances respects a number of principles and criteria including:

- credit quality: all of GCE Assurances' reinsurers are currently rated at least A- according to S&P;
- diversification of reinsurers for a certain number of treaties and also within certain treaties (with a deliberately small proportion of leading insurers).

RISK RELATING TO THE INVESTMENT PORTFOLIO

GCE Assurances has an asset portfolio representing €552 million. Its allocation has been defined so that the amount of capital in terms of market value cannot be negatively impacted by more than €15 million, with a confidence interval of 99.5% (payback period of 200 years). On the basis of this principle and given the rate of run-off of insurance liabilities, the portfolio is invested heavily in fixed income assets with a relatively short duration.

Investments are monitored by the financial management committee, which is responsible for:

- ensuring the monitoring and implementation of the investment policy defined by the balance sheet committee;
- choosing issuers or investment vehicles;
- deciding on investments or divestments to be made;
- preparing a report on the monitoring of bond issuers' ratings.

Natixis, BPCE's main fully-consolidated subsidiary

NATIXIS ASSURANCES

As Natixis Assurances essentially markets savings products, the main risks resulting from insurance policies are of a financial nature:

Risk of no longer being able to meet the minimum contractual rate of return in the event of a decline in interest rates

To deal with this risk, ABP Vie has only marketed policies without guaranteed minimum rates of return for the last few years. Over 90% of policies have no guaranteed minimum rate. The average guaranteed minimum rate is 0.19%.

Risk of policy surrenders in the event of an increase in interest rates

Natixis Assurances has identified the segment of the insured population that presents a high risk of policy surrender, based on the key criteria of age, fiscal seniority and amount of capital. As a result of this initiative, Natixis Assurances has limited the scope to be covered by Caps to about a quarter of its fixed income assets.

It has also bought variable-rate bonds with a minimum rate. The liability adequacy test carried out in accordance with IFRS 4 for the financial statements to December 31, 2009 showed that insurance liabilities evaluated under local standards were greater than the fair value of these liabilities after taking into account the surrender option incorporated into policies.

Financial risk in the event of an increase in interest rates

The sensitivity of net equity to variations in interest rates is lessened by the classification of about €5.7 billion of fixed income securities in the held-to-maturity category.

Concerning securities in other categories, the sensitivity analysis performed at December 31, 2009 showed that a 1-point increase in bond yields has a -€35 million or -3.4% impact on net equity (after taking into account the variation attributable to policyholders and taxation).

Market risks

Natixis Assurances has to deal with variations in the value of its financial assets. The management of financial risks involves defining a strategic asset allocation that takes into account liability commitments, regulatory constraints (particularly in terms of non-concentration) and commercial requirements. This process entails setting allocation ranges for each type of asset.

The sensitivity analysis performed at December 31, 2009, shows that:

- a 10% decline in the stock market has a -€16.6 million or -1.6% impact on net equity (after taking into account the variation attributable to policyholders and taxation);
- a 10% decline in the real estate market has a -€4.1 million or -0.4% impact on net equity (after taking into account the variation attributable to policyholders and taxation).

Natixis Insurance also reinsures 100% of the minimum guaranteed return on unit-linked policies.

Credit risk

Counterparty risk is monitored and managed in compliance with standards and Natixis's internal limits, as determined by the Credit Risk committee, as well as with the regulatory constraints imposed on insurance companies. As a result, 88% of the fixed income portfolio is invested in securities with ratings exceeding A-.

Personal risk insurance business

Mortality and morbidity risks are limited by use of a pricing structure tailored to the population insured and the coverage provided, the use of experience tables and by the upstream practice of medical selection of new policyholders.

Natixis Assurances employs reinsurance to limit its exposure to capital dispersion risks related to payouts on death benefit policies, policies covering accidents of life and loss of autonomy, and to the frequency of claims for temporary cessation of work, invalidity and loss of autonomy. An epidemic/pandemic reinsurance treaty was also put in place in order to limit exposure to the increase in deaths that might result from such an event.

The annual reinsurance plan seeks to diversify reinsurers and to ensure Natixis only deals with parties having a high-quality rating. No reinsurance treaty is concluded or renewed with non-investment grade parties. In practice, the rating of the reinsurers with which Natixis Assurances deals is between A- and AA+. However, some reinsurers may not be rated if their shareholding structure is deemed to be of sufficient quality.

Concentration of risks

The nature of insured risks combined with reinsurance coverage does not result in any particular exposure to concentration of insurance risks.

COFACE

By virtue of its activities, Coface is exposed to two main types of risk. The first is the technical risk constituted by the risk of losses on Coface's portfolio of insurance policies. The second is the financial risk related to the risk of loss arising from adverse movements in interest rates, exchange rates or the market value of securities or real-estate investments. Coface has implemented sophisticated tools designed to control these risks rigorously and to ensure they remain within prudent limits.

Technical risk

The risk in this area concerns the risk of loss generated by the portfolio of insurance policies.

A distinction is traditionally made between frequency risk and peak risk:

- **frequency risk** represents the risk of a sudden and significant increase in missed payments from a multitude of debtors. This risk is measured for each entity by monitoring the loss ratio (ratio between claims and premiums) by business sector (domestic credit), by country (export credit), and by product line (sureties, single risks). The loss ratios for the various underwriting centers are also monitored at consolidated level for Coface, as are the amounts and monthly numbers concerning missed payments;
- **peak risk** represents the risk of abnormally high losses recorded for the same debtor or group of debtors, or of an accumulation of losses for the same country.

As well as monthly monitoring at individual underwriting-center level, a system exists at the level of Coface, based on the following components:

- centralized declarations of threatened losses liable to exceed a certain amount (currently €1 million for the two main underwriting centers Coface SA and Coface Kredit and €0.5 million for all the others). This involves the intervention of a specialist recovery subsidiary (Coface Recovery Business Intelligence);
- the Large Risks committee, which sets the maximum outstanding risk accepted by Coface on its 400 largest risks (severity greater than €35 million or a maximum loss in a stress test scenario of €15 million) and allocates ceilings by emerging country;
- a corporate and country risk rating system;
- a scoring system for minor risks;
- a statistical mechanism for evaluating "severities" (maximum losses that may be recorded in case of loss) by debtor, group of debtors or emerging country.

Within the framework of management of the financial crisis, non-investment grade risks – with ratings below BBB- and their equivalent scores – have been reduced substantially and now represent just 10% of the total portfolio. In addition, a systematic scoring policy has been implemented and 98% of outstanding risk is now covered.

All significant risks are subject to centralized monitoring both for inventory and monthly flows.

More restrictive quotation matrices have been adopted.

Acceptance rates for non-investment grade risks are monitored on a monthly basis.

Diversification of the credit risk portfolio

Coface maintains a diversified credit risk portfolio, in order to minimize the risk that a default by a debtor, a slowdown in a particular sector of activity or an adverse event in a given country might exert a disproportionate impact on its overall claims expense. Furthermore, the fact that the great majority of Coface's risks are short-term allows it to reduce the risk covered for a debtor or a group of debtors relatively quickly after recognizing a decrease in their solvency.

RISK EXPOSURE RELATING TO DEBTORS AT DECEMBER 31, 2009

Policies issued excluding operations on behalf of government / All products guaranteed

Tranches Total Outstanding Buyer	Outstandings in millions of euros	Number of limits	Number of buyers	% of outstandings
Refusal	0	943,705	678,737	0.0%
€1-10 thousand	4,280	593,710	546,056	1.2%
€11-20 thousand	6,320	477,170	370,284	1.7%
€21-30 thousand	3,995	259,465	150,449	1.1%
€31-40 thousand	3,747	208,481	102,609	1.0%
€41-50 thousand	5,201	190,331	107,926	1.4%
€51-60 thousand	2,851	128,393	50,146	0.8%
€61-70 thousand	2,940	112,413	44,165	0.8%
€71-80 thousand	2,673	95,554	34,917	0.7%
€81-90 thousand	1,936	74,258	22,415	0.5%
€91-100 thousand	5,481	110,182	55,549	1.5%
€101-150 thousand	11,136	295,246	88,630	3.0%
€151-200 thousand	9,892	207,829	55,566	2.7%
€201-300 thousand	15,029	274,952	60,425	4.1%
€301-400 thousand	12,313	186,132	35,242	3.4%
€401-500 thousand	10,351	141,247	22,919	2.8%
€501-800 thousand	23,988	276,154	37,868	6.6%
€801 thousand - €1 million	12,289	119,148	13,675	3.4%
€1-2 million	39,838	311,454	28,554	10.9%
€2-5 million	55,273	280,777	18,075	15.1%
€5-10 million	37,495	125,349	5,432	10.3%
€10-50 million	65,488	128,860	3,513	17.9%
€50-100 million	16,202	15,008	242	4.4%
€100-200 million	8,065	6,555	62	2.2%
€200 million +	8,777	4,422	25	2.4%
TOTAL	**365,560**	**5,566,795**	**2,533,481**	**100.0%**

3.7 Risks relating to changes in regulatory and economic policy

The changes set out below may affect the development of Groupe BPCE.

New Basel committee proposals

Under the aegis of the G20, the Basel committee has initiated a review of the prudential framework applicable to banks. This process began with a document on market risks followed by a further two on capital requirements and management of liquidity risk. These documents have been submitted for public consultation until April 2010. Other work is planned for 2010 on impact studies, definition of measures, and potential additional measures.

The Basel committee's plans would change the rules for calculating the capital adequacy ratio:

For the numerator, the definition of regulatory capital has been made more restrictive (reduction in core Tier-1 capital).

For the denominator, the risk weighting of balance sheet assets has been increased (increase in risk-weighted assets).

In addition, the Basel committee has introduced three ratios:

A short-term ratio called the Liquidity Coverage Ratio (LCR), the aim of which is to oblige banks to maintain a permanent stock of liquid assets to enable them to withstand a severe crisis for 30 days.

A long-term ratio (one year) called the Net Stable Funding Ratio (NSFR), which looks at the available amount of stable funding and required amount of stable funding.

A so-called Leverage Ratio, defined by the ratio of Tier-1 capital to total balance sheet assets to avoid an excessive level of debt among banks.

Another two concepts have been added: that of "counter-cyclical buffers" and that of "systemic surcharges"

Counter-cyclical buffers: The principle is to protect banks against the variability of their capital requirements and to enable the regulator to impose restrictions on banks' use of their profits to rebuild their "safety mattress" and maintain their ability to keep their ratios at a minimum during times of difficulty.

- Systemic surcharges: additional capital surcharges for "systemic" banks. The principle of this recommendation is to protect the financial system against the collapse of a so-called "systemic" bank. This means that the large size of the bank would cause the collapse to spread to other banks.
- Change of monetary policy, interest rate policy and other central bank policies.
- General changes to government policies that may influence investors' decisions, particularly in markets in which the Group operates.
- Changes in competitive conditions and prices.
- Changes to financial reporting rules.

4

MANAGEMENT REPORT

4.1 Overview

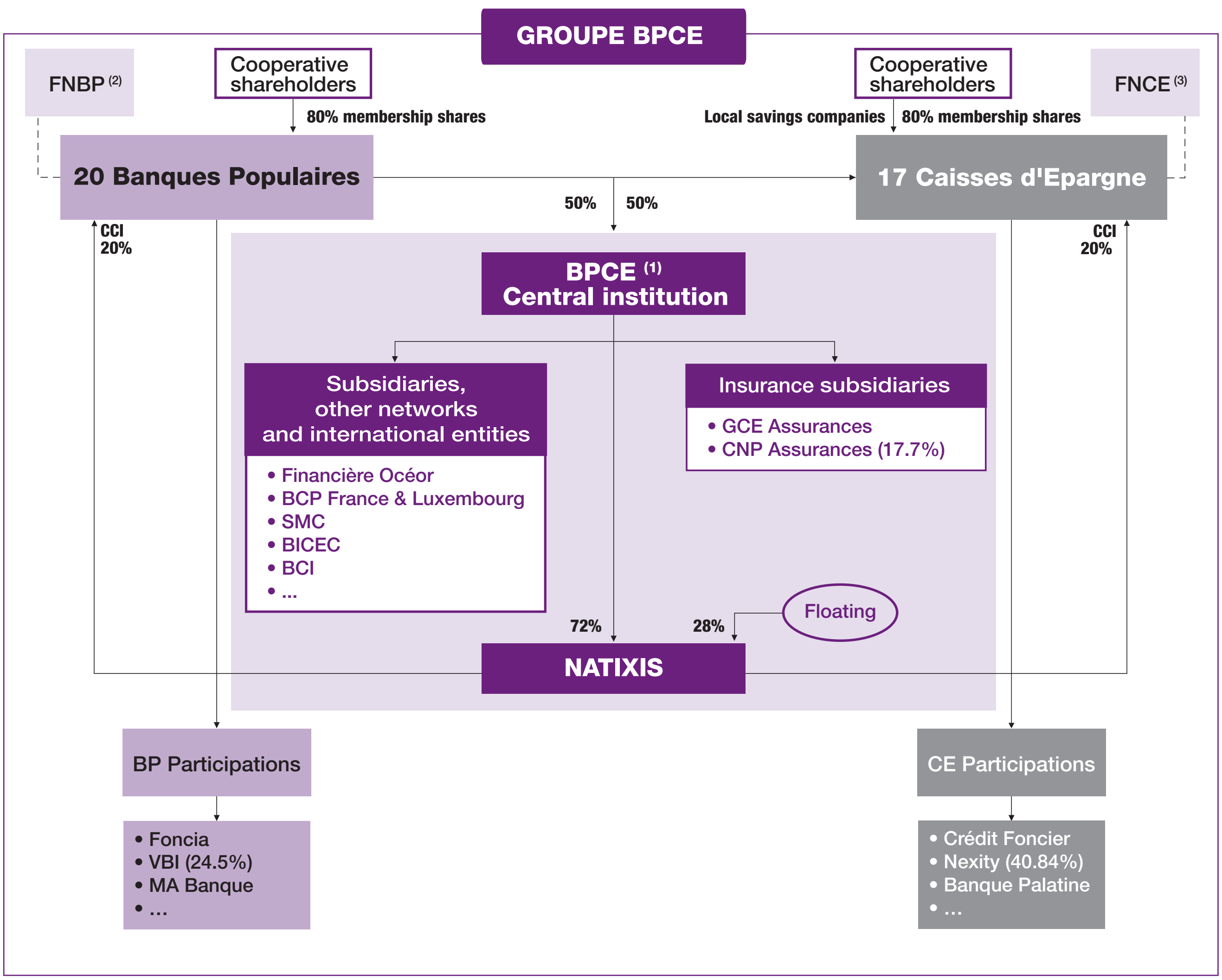
The financial data for the fiscal year ended December 31, 2009 and the comparative data for 2008 were prepared under IFRS as adopted by the European Union and applicable on December 31, 2009 (therefore excluding the amendments to IAS 39 on hedge accounting).

The 2008 financial data presented below are pro forma data based on the published consolidated financial statements of both Groupe Banque Populaire and Groupe Caisse d'Epargne at December 31, 2008, adjusted to account for the effects of the combination between the two companies.

This Management Report discusses the results of BPCE SA group and Groupe BPCE built around the BPCE central institution established on July 31, 2009 following the combination between the Groupe Banque Populaire and Groupe Caisse d'Epargne.

BPCE SA group's results are presented in a summary manner because the operations and results of the two companies are closely related, with the following main differences:

- the scope of BPCE SA group does not include the two holding companies BP Participations and CE Participations; and
- income from the Banque Populaire and the Caisse d'Epargne networks is recognized in the income statement under "Share of income of associates." This income was received through Cooperative Investment Certificates (CICs) set up in 2006 when Natixis was formed. The CICs own 20% of the Banque Populaire and the Caisse d'Epargne networks, without voting rights.



(1) The French government owns €3 billion of preferred shares without voting rights.
(2) Fédération Nationale des Banques Populaires.
(3) Fédération Nationale des Caisses d'Epargne.

4.2 Significant events of 2009

4.2.1 An uncertain economic climate and a shaky recovery

The global financial crisis peaked in early 2009…

Building on an already steep decline in business activity in 2008, the first quarter of 2009 saw a deep recession in developed economies and a sharp contraction in global trade. Financial markets remained tense amid heightened investor risk aversion.

followed by a few signs of easing…

The recession seemed to come to an end in Q2 and Q3 2009 thanks to stimulus plans from governments, central banks, and the IMF. Financial markets began to function properly, bringing a gradual return to normal financing conditions for the real economy. Real estate markets also seemed to recover from their severe downturn, as transaction prices and volumes picked-up in both the US and the UK. In France, prices of existing homes stabilized in the third quarter and new home inventory fell on the back of higher sales. GDP in developed economies returned to growth after shrinking for several quarters in a row.

and an ambiguous outlook

These first signs of recovery are nevertheless fragile, and the prospects vary considerably among different countries and industries. Growth drivers (corporate demand and household spending) still face strong headwinds (production overcapacity, rising unemployment, and household debt) and struggle to gain traction.

4.2.2 Creation of Groupe BPCE

Progress on the combination between Groupe Caisse d'Epargne and Groupe Banque Populaire continued in the first half of 2009, led by François Pérol, the newly-appointed Chief Executive Officer of Banque Fédérale des Banques Populaires (BFBP) and Chairman of the Management Board of Caisse Nationale des Caisses d'Epargne (CNCE).

The various steps necessary to give birth to France's second-biggest banking group were taken, leading up to approval by extraordinary shareholders' meetings of the BFBP, the CNCE and BPCE on July 31, 2009 and the creation of Groupe BPCE.

To form the new bank, equally-owned by the 20 Banque Populaire banks and 17 Caisses d'Epargne, BFBP and CNCE transferred their central bodies and main assets to an existing company with no operations. Groupe BPCE also received an equity injection from the French government, through the government's purchase of:

- €4.05 billion of deeply subordinated notes issued by BFBP and CNCE between Q4 2008 and Q2 2009 and transferred to BPCE (BPCE redeemed €750 million of these notes in Q4 2009); and
- €3 billion of non-voting preferred shares issued by BPCE on July 31, 2009.

4.2.3 Other changes in scope

While no other significant change in scope occurred in 2009 (apart from the merger to form Groupe BPCE), the following events are worth noting:

Completion of the sale of 35% of CACEIS to Crédit Agricole SA

Natixis will keep a residual 15% stake in CACEIS.

The exercise of CNP Assurances' option to sell its 11.34% stake in Natixis Global Asset Management (NGAM)

The exercise of this option will not change the operations between the two companies; NGAM will continue to manage the CNP Assurances life insurance assets collected by the Caisses d'Epargne. CE Participations sold the shares it obtained from this option exercise to Natixis, which is now the full owner of NGAM;

Full-year effect of the acquisition of seven regional banks from HSBC France

Groupe Banque Populaire acquired the following seven regional banks in July 2008: Société Marseillaise de Crédit (SMC), Banque Chaix, Banque de Savoie, Banque Marze, Banque Dupuy, de Parseval, Crédit Commercial du Sud-Ouest, and Banque Pelletier. All of these regional banks – except SMC, which is fully-owned by BPCE – have been owned by four Banque Populaire banks since June 24, 2009.

4.2.4 Reclassification of deeply subordinated notes issued by the Group as equity instruments

Under IFRS, financial instruments issued by a company are classified as either debt or equity depending on whether the issuer has a contractual obligation to deliver cash or another financial asset to the instrument holders. This obligation must arise from specific contractual terms rather than the issuer's financial constraints.

At December 31, 2008, the deeply subordinated notes issued (DSN) by CNCE and Natixis were classified as debt under IFRS because these notes contained a clause making the payment of interest mandatory whenever the issuer generated a profit.

However, this clause was removed after CNCE, now CE Participations, and Natixis renegotiated the contractual terms for these notes (in H1 2009 and Q4 2009, respectively). The DSNs were accordingly reclassified as equity at their fair value. The gap between the notes' fair value and the value at which they were recorded as debt was recognized as net income, for a total of €1.7 billion.

This capital gain reflects the company's favorable financing terms for its deeply subordinated notes relative to current market conditions.

4.2.5 BPCE's guarantee of Natixis assets

In the second half of 2009, BPCE set up a guarantee program to protect its Natixis subsidiary from losses and volatile earnings at its Workout Portfolio Management business.

This guarantee is designed to support Natixis and create the environment needed for its business strategy to succeed. It has freed a large part of the capital that Natixis had allocated to risks on segregated assets (around €770 million of Tier-1 capital) and protected Natixis against most loss-related risks after June 30, 2009.

The guarantee is effective retroactively to July 1, 2009, and did not have a material effect on Groupe BPCE's 2009 earnings.

4.3 Groupe BPCE financial data

4.3.1 Groupe BPCE results

2009 saw Groupe BPCE return to a profit.

	Published data		Change		Restated data[1]		Change	
in millions of euros	2009	2008	€m	%	2009	2008	€m	%
Net banking income	21,227	16,096	5,131	32%	22,023	20,309	1,714	8%
Operating expenses	(16,359)	(16,337)	(22)	0%	(15,795)	(15,698)	(97)	1%
GROSS OPERATING INCOME	**4,868**	**(241)**	**5,109**	**N/A**	**6,228**	**4,611**	**1,617**	**35%**
Cost/income ratio	*77.1%*	*N/A*	*-*	*N/A*	*71.7%*	*77.3%*	*-*	*-5.6 pts*
Cost of risk	(4,145)	(3,146)	(999)	32%	(3,075)	(1,874)	(1,201)	64%
OPERATING INCOME	**723**	**(3,387)**	**4,110**	**N/A**	**3,153**	**2,737**	**416**	**15%**
Share of income of associates	198	184	14	8%	198	184	14	8%
Net gain (loss) on other assets	(10)	383	(393)	N/A	(10)	161	(171)	N/A
Trading loss		(752)	752	N/A	0	0	0	
Change in the value of goodwill	(1,279)	(168)	(1,111)	N/A	0	0	0	
INCOME BEFORE TAX	**(368)**	**(3,740)**	**3,372**	**-90%**	**3,341**	**3,082**	**259**	**8%**
Income tax	293	1,044	(751)	-72%	(1,084)	(1,109)	25	-2%
Minority interests	612	849	(237)	-28%	(18)	(93)	75	-81%
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	**537**	**(1,847)**	**2,384**	**N/A**	**2,239**	**1,880**	**359**	**19%**

(1) Restated for the effects of the reclassification of deeply subordinated notes to equity, IFRS volatility, the financial crisis, run-off operations, the Credit Portfolio Management business, restructuring costs, and changes in the value of goodwill.

Bridge table from restated data to published data

	2009 restated	Run-off operations	Gains on deeply subordinated notes	CIB: CPM[1]	Restructuring costs	Goodwill	Deferred tax assets and other	2009 published	Change from 2008 recurring	
Net banking income	22,023	(1,830)	1,716	(682)				21,227	1,714	8%
Operating expenses	(15,795)	(167)			(397)			(16,359)	(97)	1%
GROSS OPERATING INCOME	**6,228**	**(1,997)**	**1,716**	**(682)**	**(397)**	**0**	**0**	**4,868**	**1,617**	**35%**
Cost of risk	(3,075)	(1,070)						(4,145)	(1,201)	64%
Share of income of associates	198							198	14	8%
Net gain (loss) on other assets	(10)							(10)	(171)	N/A
Change in the value of goodwill						(1,279)		(1,279)		
INCOME BEFORE TAX	**3,341**	**(3,067)**	**1,716**	**(682)**	**(397)**	**(1,279)**	**0**	**(368)**	**259**	**8%**
Income tax	(1,084)	443			92		842	293	25	-2%
Minority interests	(18)	698	(65)	193	43		(239)	612	75	-81%
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	**2,239**	**(1,926)**	**1,651**	**(488)**	**(261)**	**(1,279)**	**603**	**537**	**359**	**19%**

(1) Corporate Investment Banking: Credit Portfolio Management.

	2008 restated	Run-off operations	Effects of the crisis, IFRS volatility at CEP & BP[(2)]	CIB: CPM[(1)]	Restructuring costs	Goodwill	Deferred tax assets	2009 published
Net banking income	20,309	(3,746)	(1,007)	540				16,096
Operating expenses	(15,698)	(171)			(468)			(16,337)
GROSS OPERATING INCOME	**4,611**	**(3,917)**	**(1,007)**	**540**	**(468)**	**0**		**(241)**
Cost of risk	(1,874)	(977)	(295)					(3,146)
Share of income of associates	184							184
Net gain (loss) on other assets	161					222		383
Trading loss	0	(752)						(752)
Change in value of goodwill	0					(168)		(168)
INCOME BEFORE TAX	**3,082**	**(5,646)**	**(1,303)**	**540**	**(468)**	**54**		**(3,740)**
Income tax	(1,109)	866	449		159		680	1,044
Minority interests	(93)	1,025		(154)	70			849
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	**1,880**	**(3,755)**	**(854)**	**386**	**(239)**	**54**	**680**	**(1,847)**

(1) Corporate Investment Banking: Credit Portfolio Management.
(2) CEP, Caisses d'Epargne et de Prévoyance - BP: Banque Populaire banks.

NET BANKING INCOME

Net banking income jumped 32% in 2009, but this sharp growth reflects the following non-recurring items in 2009 and items that lowered the 2008 comparative basis:

- a €1.7 billion gain in 2009 from the reclassification of Groupe BPCE's deeply subordinated notes from debt to equity (see "Significant events of 2009" above);
- a €1 billion drop in 2008 revenue due to IFRS volatility in the Banque Populaire network's net banking income and the effects of the financial crisis on revenue at the Caisses d'Epargne;
- a €3.7 billion loss in 2008 and a €1.8 billion loss in 2009 related to Groupe BPCE's run-off operations; and
- a €0.5 billion increase in the net banking income from Natixis' Credit Portfolio Management business in 2008, followed by a €0.7 billion decrease in 2009.

Restated for these items, Groupe BPCE's net banking income still rose a considerable €1.7 billion, or 8%, fueled by higher income from the company's two core business units: Commercial Banking and Insurance, and Corporate and Investment Banking, Savings, and Specialized Financial Services.

OPERATING EXPENSES

Operating expenses remained relatively stable between 2008 and 2009 thanks to effective cost controls. The same holds true after restatement of the restructuring costs, which in 2009 were due mainly to the creation of the new BPCE central institution. Groupe BPCE's cost/income ratio stood at 77.1%, or 71.7% on a restated basis, up sharply from 2008.

OPERATING INCOME

Gross operating income totaled €4.9 billion in 2009, or €6.2 billion on a restated basis, significantly higher than the prior year. However, the cost of risk in both 2008 and 2009 was pressured by the financial crisis in 2008 and Q1 2009 and its effects on the economy. Restated for provisions related to the crisis' effect on the Banque Populaire and the Caisse d'Epargne networks in 2008, as well as the change in scope for run-off operations in 2008 and 2009, the cost of risk rose by €1.2 billion to reach €3.1 billion in 2009. This resulted in a net operating income of €0.7 billion in 2009, or €3.2 billion on a restated basis.

NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY

Net income attributable to equity holders of the parent company rose to €0.5 billion in 2009, up from a loss of €1.8 billion in 2008. This net income is calculated after minority interests, and includes the share of income of associates (comprised mainly of income from CNP Assurances), goodwill impairment, and a tax gain from the use of deferred tax assets. Restated for non-recurring items, the net income attributable to equity holders of the parent company totaled €2.2 billion.

4.3.2 Groupe BPCE's business units

Groupe BPCE restructured its business units after discussions in the second half of 2009 as part of its 2010-2013 strategic plan. The company is now focused on two core business units: Commercial Banking and Insurance, and Corporate and Investment Banking, Investment Solutions, and Specialized Financial Services.

- The Commercial Banking and Insurance business unit includes:
  - the Banque Populaire network, comprised of 20 Banque Populaire banks and their subsidiaries, Crédit Maritime Mutuel, and the mutual guarantee companies,
  - the 17 Caisses d'Epargne,
  - the real estate financing business, whose income comes primarily from Crédit Foncier, and
  - the insurance, international, and other banking networks that mainly include Groupe BPCE's stakes in CNP Assurances, GCE Assurances, international subsidiaries, subsidiaries operating in French overseas departments and territories (including Financière Océor), Banque Palatine, and Société Marseillaise de Crédit;
- The Corporate and Investment Banking, Investment Solutions, and Specialized Financial Services business unit comprises Natixis' core operations:
  - the Corporate and Investment Banking business, which now serves BPCE's institutional and large corporate customers,
  - the Investment Solutions business, which includes asset management, life insurance, and private banking, and
  - the Specialized Financial Services business, which includes a range of services (factoring, leasing, consumer credit, guarantees, employee benefit planning, payments, and securities) for the Banque Populaire network and the Caisses d'Epargne as well as Natixis' other operations.

Equity Investments is the third business unit and consists of Groupe BPCE's stakes in Nexity, FONCIA, Eurosic, and Meilleurtaux, as well as Natixis' stakes in Coface and Natixis Private Equity.

Finally, the **Run-off Operations and Other Activities** business unit includes:

- Natixis' Workout Portfolio Management business and CE Participations' run-off operations (CNCE's former proprietary trading activities); and
- the BPCE central institution and its holding companies, as well as some non-recurring items related to goodwill impairment and amortization on valuation differences.

A/ INCOME STATEMENT BY BUSINESS UNIT

	Commercial Banking and Insurance		CIB, Savings, and SFS		Equity Investments		Run-off Operations and Other Activities		Groupe BPCE	
in millions of euros	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Net banking income	14,159	12,089	4,942	5,486	1,687	2,139	439	(3,618)	21,227	16,096
Operating expenses	(10,049)	(9,748)	(3,465)	(3,576)	(1,940)	(1,957)	(905)	(1,056)	(16,359)	(16,337)
GROSS OPERATING INCOME	**4,110**	**2,341**	**1,477**	**1,910**	**(253)**	**182**	**(466**	**(4,674)**	**4,868**	**(241)**
Cost/income ratio	71.0%	80.6%	70.1%	65.2%	115.0%	91.5%	N/A	N/A	77.1%	N/A
Cost of risk	(1,428)	(1,161)	(1,464)	(748)	(20)	(21)	(1,233)	(1,216)	(4,145)	(3,146)
OPERATING INCOME	**2,682**	**1,180**	**13**	**1,162**	**(273)**	**161**	**(1,699)**	**(5,890)**	**723**	**(3,387)**
Share of income of associates	170	148	16	23	4	13	8	0	198	184
Net gain (loss) on other assets	10	(10)	12	(4)	22	1	(54)	396	(10)	383
Trading loss	0	0	0	0	0	0	0	(752)		(752)
Change in the value of goodwill	0	0	0	0	0	0	(1,279)	(168)	(1,279)	(168)
INCOME BEFORE TAX	**2,862**	**1,318**	**41**	**1,181**	**(247)**	**175**	**(3,024)**	**(6,414)**	**(368)**	**(3,740)**
Income tax	(984)	(306)	256	(342)	34	(82)	987	1,774)	293	1,044
Minority interests	(5)	(46)	(119)	(271)	32	(58)	704	1,224)	612	849
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	**1,873**	**966**	**178**	**568**	**(181)**	**35**	**(1,333**	**(3,416)**	**537**	**(1,847)**

Groupe BPCE's two core business units – Commercial Banking and Insurance, and Corporate and Investment Banking, Investment Solutions, and Specialized Financial Services – accounted for 68% and 24%, respectively, of the company's net banking income from operating divisions in 2009.

B/ COMMERCIAL BANKING AND INSURANCE

2009 was marked by the following events in Groupe BPCE's two traditional businesses (the Banque Populaire and the Caisse d'Epargne networks):

- the opening of the market for *Livret A* savings accounts on January 1, 2009 and a decline in regulated interest rates. During the transition period extending until 2011, the Caisses d'Epargne are required to centralize a greater portion of the cash they collect and benefit from an interest rate premium of 0.1% to 0.3%; and
- their ongoing efforts to boost the economy, which include a 3.7% annual growth in customer loans (above the previously-announced commitment of 3.5%).

in millions of euros	Banques Populaires banks 2009	2008	Caisses d'Epargne 2009	2008	Real estate financing 2009	2008	Insurance, international, and other banking networks 2009	2008	Total Commercial Banking and Insurance 2009	2008	Change €m	%
Net banking income	5,920	5,041	6,108	4,833	1,005	1,099	1,126	1,116	14,159	12,089	2,070	17%
Operating expenses	(3,951)	(3,804)	(4,514)	(4,447)	(583)	(632)	(1,001)	(865)	(10,049)	(9,748)	(301)	3%
GROSS OPERATING INCOME	**1,969**	**1,237**	**1,594**	**386**	**422**	**467**	**125**	**251**	**4,110**	**2,341**	**1,769**	**76%**
Cost/income ratio	*66.7%*	*75.5%*	*73.9%*	*92.0%*	*58.0%*	*57.5%*	*88.9%*	*77.5%*	*71.0%*	*80.6%*	*-*	*-9.7 pts*
Cost of risk	(737)	(529)	(340)	(395)	(86)	(166)	(265)	(71)	(1,428)	(1,161)	(267)	23%
Share of income of associates	10	10	0	0	3	3	157	135	170	148	22	15%
Net gain (loss) on other assets	14	2	(2)	0	0	(12)	(2)	0	10	(10)	20	N/A
INCOME BEFORE TAX	**1,256**	**720**	**1,252**	**(9)**	**339**	**292**	**15**	**315**	**2,862**	**1,318**	**1,544**	**N/A**
Income tax	(424)	(155)	(427)	13	(101)	(97)	(32)	(67)	(984)	(306)	(678)	N/A
Minority interests	(6)	(7)	0	0	(7)	(21)	8	(18)	(5)	(46)	41	-89%
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	**826**	**558**	**825**	**4**	**231**	**174**	**(9)**	**230**	**1,873**	**966**	**907**	**94%**

Net income at the Commercial Banking and Insurance business unit rose sharply relative to 2008, a year marked by exceptional economic conditions. The increase was fueled by robust activity at the Banque Populaire network and the Caisses d'Epargne networks, which accounted for 88% of the business unit's net income. However, international operations were pressured by an adjustment in the assessed risk on overseas establishments.

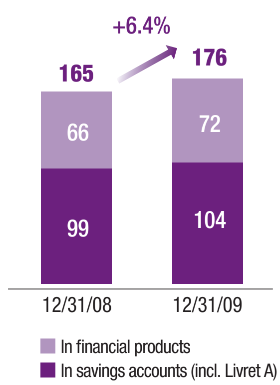
Banque Populaire network

The Banque Populaire network had an excellent year despite the grim economy, thanks to new customer wins and an increase in loans to retail, professional, and corporate customers.

Solid sales performance in all markets

Customer savings with the Banque Populaire network grew 6.4% to 176 billion in 2009. Customer deposits in savings accounts expanded in all markets. In the retail market, customers opened 815,000 new *Livret A* savings accounts in 2009 with more than €3 billion of deposits after the *Livret A* market was opened to all French banks. Demand deposits also rose, largely offsetting a contraction in term deposits. However, term deposits among corporate customers grew 28%. Savings in financial products increased 9%, driven by life insurance investments (up 10%) in the retail market as well as growth in corporate investments in company savings plans (up 17%) and mutual funds (up 4%). This increase reflects customers' growing preference for secure medium- to long-term vehicles.

CUSTOMER SAVINGS *(in billions of euros)*

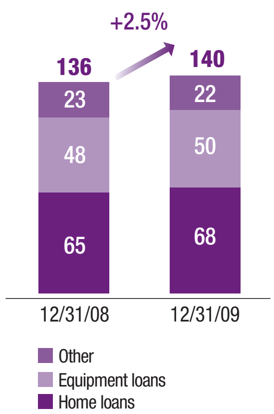


The Banque Populaire network continued to attract new customers in 2009, with a 1% climb in the number of retail and professional customers.

Growth in the loan book

After a challenging first half of 2009, the third quarter saw the Banque Populaire network narrow the gap in loan origination relative to 2008. The margins on loan origination also improved considerably on all types of loans. The loan book grew across all markets, reaching €140 billion at the end of the year (up 2.5% from 2008). Real estate loans rebounded in the second half to €68 billion, while consumer loans grew 3% on the back of the successful Creodis revolving credit facility. Origination of equipment loans remained buoyant, with outstanding loans rising from €48 billion at end-2008 to €50 billion at end-2009.

LOANS OUTSTANDING *(in billions of euros)*



Financial results

The Banque Populaire network generated net banking income of €5,920 million in 2009, up 17% from the prior year. This increase should be viewed in the light of its acquisition of six regional banks from HSBC France on July 1, 2008. Restated for the change in scope and effects of IFRS volatility, net banking income rose 6.4% fueled by robust sales performance and higher margins as a result of lower refinancing interest rates.

in millions of euros	2009	2008	€m	%
Interest income	3,659	2,810	849	30%
Commission income	2,225	2,175	50	2%
Other income and expenses	36	56	(20)	-35%
NET BANKING INCOME	**5,920**	**5,041**	**879**	**17%**

Interest income totaled €3.7 billion in 2009, up from €2.8 billion in 2008, thanks to a positive volume effect from the bank's proactive measures and a decline in refinancing costs that expanded margins and produced a favorable interest rate effect. Commission income edged up 2% to €2.2 billion. A 2% climb in loan commissions served to offset a decrease in commissions from financial transactions, including a 5% drop in securities commissions.

Operating expenses grew 4% to €3,951 million in 2009. At constant scope, the rise in operating expenses was kept to 1.6% thanks to careful cost controls. Gross operating income surged 59% to €1,969 million, lowering the cost/income ratio by nine percentage points to 66.7%.

The cost of risk rose 39% for an additional risk charge of €208 million, due primarily to a pick-up in corporate defaults.

The Banque Populaire network contributed €826 million to the Commercial Banking and Insurance business unit's net income in 2009, a substantial improvement from the prior year.

Caisse d'Epargne network

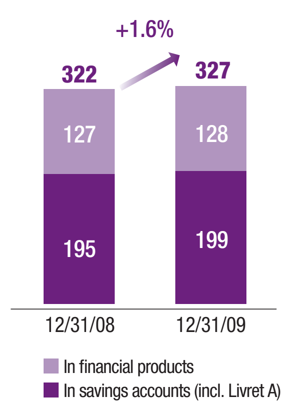
The Caisses d'Epargne proved extremely resilient in 2009 despite the opening of the market for *Livret A* savings accounts. Their successful sales efforts prompted growth in both savings deposits and loan origination.

Savings products offering both security and high returns

Customers' investments in savings products in 2009 were focused on life insurance contracts (where new contract issuance to retail and professional customers grew by a factor of 2.4) and cooperative shares (where investments tripled to nearly €3 billion).

Total customer savings rose 1.6% to €327 billion despite the opening of the market for *Livret A* savings accounts (which reduced these deposits by €5.3 billion) and lower interest rates on regulated savings accounts. [(1)]. Deposits in savings accounts, which made up the largest portion of customer savings with €199 billion, remained healthy with expansion in demand deposits and renewed customer interest in home saver accounts (up 2%).

CUSTOMER SAVINGS *(in billions of euros)*



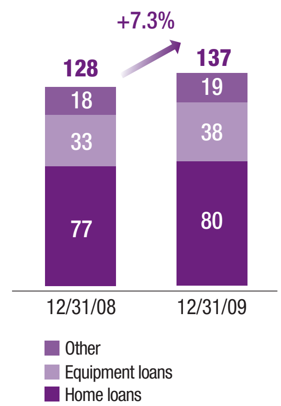
(1) The interest rate on the Livret A was cut three times in 2009, falling from 4% at the start of the year to 1.25% at the end of the year.

The Caisses d'Epargne continued to win new customers in 2009, with an over 2% increase in retail customers and a 7% climb in professional customers. The banks' sales efforts also brought in 2,220 new corporate customers. The number of active customers rose 11%, while commercial transactions processed by the banks expanded 8%.

Sharp loan book growth in all customer segments

The loan book grew 7.3% to €137 billion in 2009, driven by robust performance in the household and corporate customer segments as well as increased commitments to local governments and social housing programs. The Caisses d'Epargne largely met their commitments to the government to help boost financing for the economy.

LOANS OUTSTANDING *(in billions of euros)*



Financial results

The Caisses d'Epargne generated €6.1 billion of net banking income in 2009, up 26% from the prior year. This growth reflects a pick-up in loan activity and higher intermediation margins on the back of lower refinancing interest rates.

in millions of euros	2009	2008	€m	%
Interest income	3,931	2,754	1,177	43%
Commission income	2,100	2,075	25	1%
Other income and expenses	77	4	73	N/A
NET BANKING INCOME	**6,108**	**4,833**	**1,275**	**26%**

Interest income for the year totaled €3.9 billion, up from €2.8 billion in 2008, thanks to lower refinancing costs for the Commercial Banking business, smaller financial portfolios, and sharp growth in all customer loans. However, this strength was partially offset by a €30 million provision for French regulated home saver loans (PELs and CELs), vs. a net provision reversal of €59 million in 2008. Interest income was dragged down by a 0.1 percentage point decline in the commission rate for *Livret A* savings accounts, as well as a decrease in the centralization rate for the French regulated savings account for low-income people (*Livret d'Epargne Populaire*) from 85% to 70%, and the end of the centralization of the French regulated sustainable development savings account (*Livret de Développement Durable*), which had a full-year effect in 2009.

Commission income edged up 1% to €2.1 billion as a result of higher commissions on banking transactions and other services (including loan insurance). Commissions on savings in financial products shrank 11% due to anemic investments in mutual funds and smaller margins on life insurance contracts.

Operating expenses rose a slight 1.5% as the banks were able to reduce their spending on outside services and cut their IT costs substantially. These effective cost controls quadrupled the Caisses d'Epargne's gross operating income to €1.6 billion in 2009, with a cost/income ratio of 73.9%.

The cost of risk remained at an elevated €340 million, but was down 14% from 2008 thanks to lower impairment charges on the banks' investment portfolios. The cost of customer risk doubled in 2009 as a result of the weak economic climate.

The Caisses d'Epargne contributed €825 million to the Commercial Banking and Insurance business unit's net income in 2009.

Real estate financing

The Real Estate financing division income primarly consists of the Crédit Foncier income. Loan origination at Crédit Foncier totaled €14.7 billion in 2009 (down 27%), thanks to the resilience of the retail customer segment with €7.7 billion of new loans – down only 7.1% from 2008, while the market as a whole shrank 15%.

Crédit Foncier's loan book grew 1.7% in 2009 to end the year at €116 billion in spite of a bear market. Outstanding loans to retail customers rose 5.5% in the wake of a steep reduction in early repayments. Crédit Foncier gained market share in the low-income home loans and rental property markets in 2009, to become:

- the leading issuer of three French regulated home loans: interest-free loans (23% market share); home loans for low-income families (36% market share); and the PASS Foncier® scheme for first-time home buyers (70% market share); and
- France's leading issuer of new construction rental property loans (20% market share).

However, loans to corporate customers contracted 0.7% to €70 billion as robust sales efforts were unable to overcome the bleak economic climate.

In 2009 Crédit Foncier completed its issue of nearly €16 billion of covered bonds, confirming its role as a leader in this market.

Real estate financing generated €1,005 million of net banking income in 2009, down 9% from the prior year. However this decrease comes off a strong base, as the net banking income in 2008 included non-recurring gains on disposals made by Crédit Foncier during the year.

Operating expenses fell from €632 million in 2008 to €583 million in 2009 thanks to a 3% reduction in headcount, tight IT cost controls, and a €29 million provision for moving recognized in 2008.

Real estate financing contributed €231 million of net income in 2009, up 33% as a result of a sharp decline in the cost of risk.

Insurance, international, and other banking networks

The insurance business maintained strong sales momentum in 2009 but generated mixed results.

- despite a 7% climb in revenue, fueled by a 19.5% jump in the sales of auto insurance and a 3% increase in the sales of personal accident cover, net income at GCE Assurance fell 25% to €4 million in 2009 as a result of heavy claims and a drop in financial income;
- CNP Assurances reported buoyant activity in 2009 with a 15% rise in revenue to €32.6 billion, reflecting a 19.8% increase in savings premiums. Revenue generated through the Caisses d'Epargne surged 27%. On the other hand, sales of unit-linked policies tumbled 51.3% in France due to the financial crisis and customer risk aversion. CNP Assurances' published net income shot up 37.5% to €1 billion despite a decline in net insurance income. However, this increase comes off of a relatively low base as the 2008 net income was negatively affected by fair value adjustments to the trading book. CNP Assurances contributed €148 million to Groupe BPCE's net income.

Income from international subsidiaries and subsidiaries in French overseas departments and territories consists mainly of earnings from groupe Océor.

- Groupe Océor contributed a net loss of €219 million in 2009, against a loss of €20 million in 2008, as the business was weighed down by an impairment charge on land owned by GCE Maroc Immobilier (recognized in net banking income), higher personnel expenses, and a quadrupling of its cost of risk;
- the other international subsidiaries include mainly BICEC in Cameroon, Banque Commerciale du Congo, and VolksBank International, which contributed €22 million of net income in 2009, down €5 million from the previous year. The positive effect from adding Banque Commerciale du Congo to the scope of consolidation in 2008 was offset by lower net income at VolksBank International due to the higher cost of risk in central and eastern Europe.

Net income from other banking networks shrank nearly 60%, primarily as a result of weakness at Société Marseillaise de Crédit. This decline comes in spite of gains at Banque Palatine due to the full-year effect of the Crédit Foncier banking operations that were transferred to Banque Palatine in November 2008.

C/ CORPORATE AND INVESTMENT BANKING, INVESTMENT SOLUTIONS, AND SPECIALIZED FINANCIAL SERVICES

The Corporate and Investment Banking, Investment Solutions, and Specialized Financial Services business unit comprises Natixis' three core operations.

	CIB		Investment Solutions		SFS		CIB, Investment Solutions, and SFS		Change	
in millions of euros	2009	2008	2009	2008	2009	2008	2009	2008	€m	%
Net banking income	2,561	2,857	1,540	1,693	841	936	4,942	5,486	(544)	-10%
Operating expenses	(1,664)	(1,758)	(1,154)	(1,183)	(647)	(635)	(3,465)	(3,576)	111	-3%
GROSS OPERATING INCOME	**897**	**1,099**	**386**	**510**	**194**	**301**	**1,477**	**1,910**	**(433)**	**-23%**
Cost/income ratio	65.0%	61.5%	74.9%	69.9%	76.9%	67.8%	70.1%	65.2%	-	4.9 pts
Cost of risk	(1,385)	(653)	(32)	(67)	(47)	(28)	(1,464)	(748)	(716)	N/A
INCOME BEFORE TAX	**(477)**	**429**	**371**	**464**	**147**	**288**	**41**	**1,181**	**(1,140)**	**-97%**
Income tax	399	(119)	(94)	(133)	(49)	(90)	256	(342)	598	N/A
Minority interests	22	(89)	(109)	(122)	(32)	(60)	(119)	(271)	152	-56%
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	**(56)**	**221**	**168**	**209**	**66**	**138**	**178**	**568**	**(390)**	**-69%**

The net income from this business unit – which includes income and expenses from restructuring activities and is after the 28% share of minority interests – fell 69% in 2009, reflecting the tough economic climate and losses at the Credit Portfolio Management business within Corporate and Investment Banking.

Corporate and Investment Banking (CIB)

CIB's net banking income fell 10% to €2,561 million in 2009. Restated for the €682 million loss at the Credit Portfolio Management business (vs. a profit of €540 million in 2008), net banking income rose 40%. This increase can be attributable to the Capital Markets and Corporate and Institutional Relationships businesses.

Net banking income at the Corporate and Institutional Relationships business jumped 12% to €555 million in 2009, thanks to a 27% surge in financing activity resulting from an 18% growth in interest income and a 60% increase in commissions. These factors offset a 49% drop in transaction activity.

Net banking income at the Capital Markets business totaled €1,749 million in 2009, up 70% from 2008 – a year with steep losses in credit, interest rate, and equity derivatives. CIB's operating expenses edged down to €1,664 million in 2009. This 3% improvement reflects cuts in operating costs and fixed personnel expenses, which offset a rise in variable compensation in the wake of France's new employer tax on bonuses.

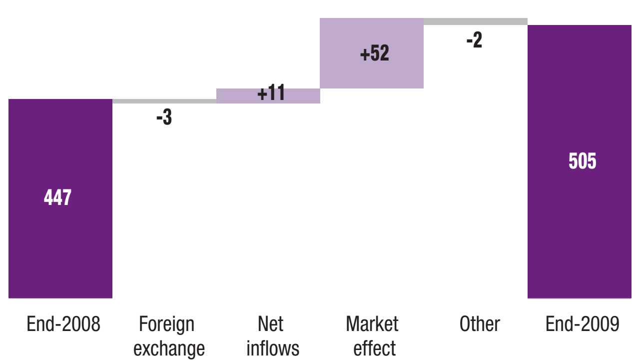
The cost of risk reached €1,385 million in 2009, a relatively high level that includes a €748 million provision for greater overall risk coverage for specific operations (real estate and LBOs).

CIB contributed a net loss of €56 million in 2009.

Investment Solutions

The Investment Solutions business continued to expand in 2009 through NGAM's purchase of the 11.3% stake held by CNP Assurances and the merger of Banque Privée Saint-Dominique and La Compagnie 1818 to form Banque Privée 1818. The business' robust sales efforts, especially in asset management, helped push assets under management up 14% (at constant exchange rates) to €505 billion at end-2009. This growth reflects a €52.5 billion positive market effect and net inflows that remain largely positive at €11.4 billion.

ASSETS UNDER MANAGEMENT *(in billions of euros)*



The Investment Solutions business generated €1,540 million of net banking income in 2009, down 9% from the prior year due to weakness in all businesses.

- in asset management, net banking income contracted 7% as assets under management contracted (after La Poste withdrew its investments) and yields fell during the year;
- in insurance, net banking income slid 13% on the back of high market volatility, despite a rebound at the end of the year;
- in private wealth management: net banking income tumbled 26% due to lower activity.

Expenses fell a modest 2% thanks to considerable efforts in the asset management business, partially offset by restructuring costs in private wealth management.

The cost of risk declined considerably in 2009, but remains high. This cost of risk stems primarily from the asset management business through losses in the Luxembourg trading book and proven risks on customer loans in France. These factors led to a 19% decline in the Savings business' net income.

Specialized Financial Services (SFS)

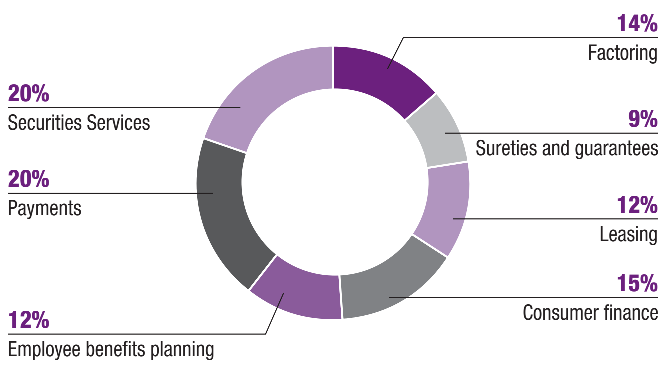
Two structural events occurred in the Specialized Financial Services (SFS) business in 2009:

- Crédit Agricole SA bought a 35% stake in CACEIS in late June; and
- the business was divided into two main divisions: Specialized Financing (leasing, consumer finance, factoring, sureties and guarantees) and Financial Services (payments, securities services, and employee benefit planning).

Net banking income at SFS slipped 10% in 2009 despite strong sales momentum, as the business was pressured by the economic downturn. The decrease in net income reflects a 22% decline in the Factoring business as a result of diminished activity and lower outstandings due to a reduction in payment periods (as required by France's Economic Modernization Act).

Net banking income at the Leasing business and Financial Guarantees business fell 10% and 42%, respectively, in the wake of higher claims expenses. On the other hand, the Consumer Credit business saw net banking income jump 24% as a result of higher margins and growth in the loan book on the back of greater distribution network penetration.

BREAKDOWN OF THE UNIT'S BUSINESS IN NBI IN 2009



The business unit's expenses rose moderately in 2009 due to a €20 million increase in restructuring costs. This resulted in a gross operating income of €194 million and a net income of €67 million for the 2009 fiscal year.

D/ EQUITY INTERESTS

The Equity Interests business unit comprises Groupe BPCE's equity investments in companies including Nexity, FONCIA, Coface, and Natixis Private Equity.

	Equity Interests		Change
in millions of euros	**2009**	**2008**	**€m**
Net banking income	1,687	2,139	(452)
Operating expenses	(1,940)	(1,957)	17
GROSS OPERATING INCOME	**(253)**	**182**	**(435)**
Cost of risk	(20)	(21)	1
Share of net income of associates	4	13	(9)
Net gain (loss) on other assets	22	1	21
INCOME BEFORE TAX	**(247)**	**175**	**(422)**
Income tax	34	(82)	116
Minority interests	32	(58)	90
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	**(181)**	**35**	**(216)**

This business unit generated a loss of €181 million in 2009, due mainly to a sharp drop in net income from Coface and Natixis Private Equity.

Nexity

Nexity achieved solid operating performance in 2009. It took advantage of the rebound in France's new home market, as well as the low interest rates and government stimulus programs (e.g., the Scellier Act that gives income tax benefits to rental property buyers and the PASS Foncier® scheme for first-time home buyers), to introduce targeted products and services.

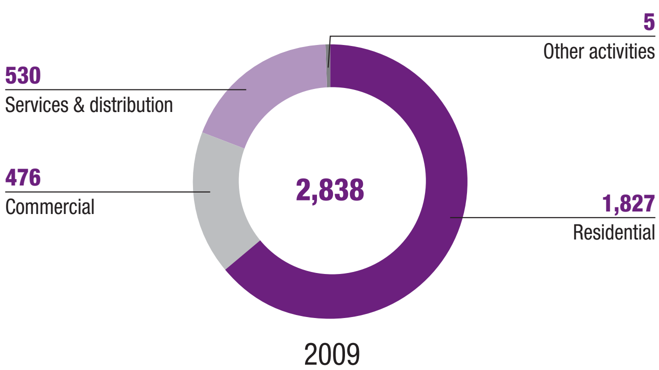
Nexity's revenue jumped 5.8% to €2,837 million in 2009 thanks to strength in the housing and office real estate markets.

Revenue from reservations of new homes surged 48% in 2009 with increased interest from retail investors (50% of total sales, vs. 30% in 2008). Revenue from commercial division also expanded, climbing 38% in 2008 on the back of a high backlog at end-2008 and progress on large construction sites in France.

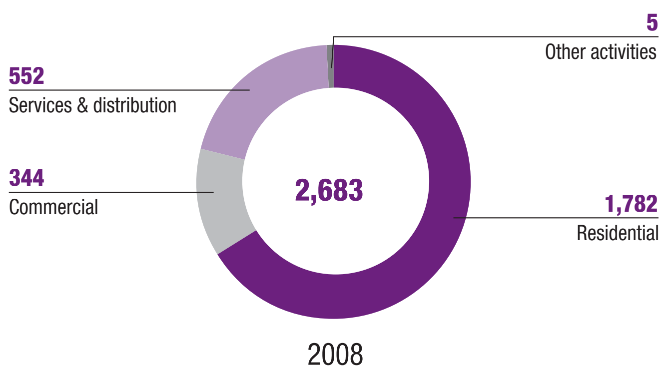
Nexity's operating income before non-recurring items amounted to €206 million in 2009, down 16% from the previous year as a result of sharply lower margins in the Residential business in the wake of the 2008 market downturn.

Nexity contributed €59 million of net income to the Equity Investments business unit in 2009, up 31% from the previous year.

2009 REVENUE BY BUSINESS *(in millions of euros)*



2008 REVENUE BY BUSINESS *(in millions of euros)*



FONCIA

FONCIA's revenue edged up a modest 3.5% in 2009 as a result of acquisitions made in 2008. Its organic growth was negative in 2009, but revenue picked up in the fourth quarter on the back of higher transaction volumes.

in millions of euros	2009	2008	Change
Real Estate Management	372	349	6%
Transactions	70	67	4%
Interest income from customer deposits	16	26	-38%
International	40	36	11%
Other businesses	45	47	-4%
TOTAL REVENUE	**543**	**525**	**3.5%**

Revenue from the Real Estate Management business jumped over 6% during the year, while that from the Transactions business rebounded after two consecutive years of decline.

FONCIA contributed €24 million of net income to the Equity Investments business unit in 2009, up from the prior year thanks to revenue growth and careful cost controls.

Eurosic

Eurosic focused its efforts on the following two goals in 2009:

- ensuring a steady rental income stream from its existing properties by extending the terms of leases; and
- continuing to expand its operations through the construction of new office buildings, some of which were completed in 2009 (e.g., Quai 33 in Puteaux and 52 Hoche in Paris).

This solid momentum pushed rental income up 5.9% at constant scope, but net income was dragged down by impairment charges on fixed assets following impairment tests performed in accordance with IAS 36 on December 31, 2009.

Eurosic contributed a net loss of €20 million to the Equity Investments business unit.

Coface and Private Equity

Coface's 2009 results reflect the effects of the credit crunch and a high level of claims, coupled with the company's risk reduction efforts under its Crisis, Act II plan.

- Revenue for the year came in at €1,534 million, nearly the same as 2008 but down 0.7% after accounting for changes in scope and exchange rates. Performance was mixed in the different business lines; credit insurance and factoring saw the biggest revenue declines (of 0.2% and 4.4%, respectively) due to their direct dependence on customers' underlying business activity.
- Net income fell sharply due to a jump in the loss ratio from an average of 72.6% in 2008 to 97.7% in 2009 (peaking at 123% in the second quarter). Nevertheless, performance improved in the fourth quarter following a reduction in claims and a healthier, repriced risk portfolio.

Private Equity saw business activity shrink throughout 2009, from both investments and divestments. This is largely because the financial crisis obscured investors' visibility and dragged down valuations, resulting in fewer buy and sell opportunities. Nevertheless, signs of recovery started to appear towards the end of the year. In early 2010, Natixis began exclusive talks with AXA Private Equity to sell its proprietary trading private equity operations in France.

Coface and Private Equity (through Natixis' stake in these companies) contributed a net loss of €215 million to the Equity Investments business unit in 2009, against a net profit of €8 million in 2008.

E/ WORKOUT PORTFOLIO MANAGEMENT AND OTHER BUSINESS

in millions of euros	Workout Portfolio Management and other business 2009	2008	Change €m
Net banking income	439	(3,618)	4,057
Operating expenses	(905)	(1,056)	151
GROSS OPERATING INCOME	**(466)**	**(4,674)**	**4,208**
Cost of risk	(1,233)	(1,216)	(17)
Net gain (loss) on other assets	(54)	396	(450)
Trading loss	0	(752)	752
Change in the value of goodwill	(1,279)	(168)	(1,111)
INCOME BEFORE TAX	**(3,024)**	**(6,414)**	**3,390**
Income tax	987	1,774	(787)
Minority interests	704	1,224	(520)
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	**(1,333)**	**(3,416)**	**2,083**

The Workout Portfolio Management and other businesses activity is a business unit which generated a loss of €1.3 billion in 2009, a distinct improvement from 2008 thanks to:

- lower losses from Workout Portfolio Management activity as portfolios continue to be scaled back. These operations produced a pre-tax net loss of €3.1 billion in 2009, against a pre-tax net loss of €5.6 billion in 2008 – a year also marked by a €752 million loss on the former CNCE proprietary trading activities (following a market incident in October 2008);
- the recognition of a €1.7 billion non-recurring gain in 2009 due to the reclassification of Groupe BPCE's deeply subordinated notes to equity; and
- a €1.3 billion goodwill impairment charge in 2009 (pursuant to goodwill impairment tests), including a €0.9 billion charge on real estate company investments and a €0.4 billion charge on commercial banking subsidiaries.

The Workout Portfolio Management and other businesses activity is a business unit which generated a net loss of €1.3 billion in 2009, after accounting for minority interests and a €1 billion income tax gain (vs. a €1.8 billion income tax gain in 2008).

4.3.3 Consolidated balance sheet

in billions of euros	12/31/2009	12/31/2008	Change €bn	Change %
Cash and amounts due from central banks	13.1	19.2	(6.1)	-32%
Financial assets at fair value through profit or loss	194.7	304.7	(110.0)	-36%
Hedging derivatives	6.5	5.4	1.1	20%
Available-for-sale financial assets	65.9	59.3	6.6	11%
Loans and receivables due from credit institutions	146.4	155.3	(8.9)	-6%
Loans and receivables due from customers	517.4	512.4	5.0	1%
Revaluation adjustment on interest-rate risk hedged portfolios	2.0	1.9	0.1	5%
Held-to-maturity financial assets	8.9	9.2	(0.3)	-3%
Current and deferred tax assets and other assets	58.4	59.2	(0.8)	-1%
Fixed assets	9.8	9.7	0.1	1%
Goodwill	5.7	7.4	(1.7)	-23%
TOTAL ASSETS	**1,028.8**	**1,143.7**	**(114.9)**	**-10%**
Amounts due to central banks	0.2	0.8	(0.6)	-75%
Financial liabilities at fair value through profit or loss	183.1	273.9	(90.8)	-33%
Hedging derivatives	4.6	6.2	(1.6)	-26%
Amounts due to credit institutions	115.7	136.3	(20.6)	-15%
Amounts due to customers	367.7	371.1	(3.4)	-1%
Debt securities	204.4	207.8	(3.4)	-2%
Revaluation adjustment on interest-rate risk hedged portfolios	1.0	1.2	(0.2)	-17%
Current and deferred tax liabilities and other liabilities	42.4	46.1	(3.7)	-8%
Technical reserves of insurance companies	41.6	38.1	3.5	9%
Provisions	5.3	5.0	0.3	6%
Subordinated debt	15.0	22.0	(7.0)	-32%
Equity attributable to equity holders of the parent company	44.0	31.5	12.5	40%
Minority interests	3.8	3.7	0.1	3%
TOTAL LIABILITIES AND EQUITY	**1,028.8**	**1,143.7**	**(114.9)**	**-10%**

Groupe BPCE had total assets of €1,028.8 billion at December 31, 2009, down 10% from €1,143.7 billion a year earlier. This decline can be attributed to changes in financial assets and liabilities at fair value through profit or loss following the scaling back of portfolios at Natixis Corporate and Investment Banking.

Changes in significant asset line items

The main asset line items are loans and receivables due from customers (50% of total assets at December 31, 2009), loans and receivables due from credit institutions (14% of total assets), financial assets at fair value through profit or loss (19% of total assets), and available-for-sale financial assets (6% of total assets). These four line items account for nearly 90% of Groupe BPCE's assets.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include securities held for trading (including derivatives) as well as certain assets and liabilities that the company has chosen to recognize at fair value through profit or loss under the option offered by IAS 39.

The €110 billion decrease in these assets in 2009 comes essentially from Natixis Capital Markets, and is comprised of:

- an €88.4 billion decline in the derivatives portfolio, due to:
  - a €37.9 billion reduction in interest rate derivatives resulting from the effect of deteriorating market conditions on Natixis Capital Markets' fixed income business,
  - a €11.9 billion reduction in currency derivatives at the Corporate and Investment Banking Paris branch due to the combined effect of lower valuations and smaller volumes, and
  - a €33 billion reduction in credit derivatives with sharp declines in the positions held by the correlation and CDO trading activities in the Workout Portfolio Management business and by Natixis Capital Markets' fixed income business; and
- a €21.1 billion reduction in outstanding securities resulting primarily from a decrease in outstanding fixed income securities at the Workout Portfolio Management business and at Natixis Capital Markets.

Available-for-sale financial assets

Available-for-sale financial assets consist of equity, bonds, treasury bills, and similar securities that do not fall into any other asset category. These assets totaled €65.9 billion at December 31, 2009, against €59.3 billion a year earlier. This €6.6 billion growth stems from a €5.9 million increase in bonds and other fixed-income securities and a €1.7 billion increase in equity and other variable-income securities.

Loans and receivables due from customers and credit institutions

Loans and receivables due from customers and credit institutions comprise non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, adjusted for impairment. These assets remained relatively unchanged from last year, and amounted to €664 billion at December 31, 2009.

Net **loans and receivables due from customers** totaled €517.4 billion at December 31, 2009, up €5 billion, or 1%, from the prior year. This increase reflects:

- buoyant activity across all businesses, especially Commercial Banking and Insurance with a €7.4 billion rise in equipment loans and an €8.8 billion climb in home loans;
- a €6.3 billion decrease in short-term credit facilities, mostly at Natixis Corporate and Investment Banking due to substantial repayments made during the year; and
- a €4.5 billion reduction in securities classified as loans and receivables.

Doubtful loans accounted for 3.6% of total customer loans at December 31, 2009, up 1.2 percentage points from the previous year. Impairments (including collective impairments) rose 19.6% to €10.9 billion; both of these increases are related to the slump in the economy and business climate.

Net **loans and receivables due from credit institutions** totaled €146.4 billion at December 31, 2009, down €8.8 billion, or 6%, from a year earlier. This growth includes a €10.6 billion decrease in current accounts with debit balances, partially offset by a €3.4 billion increase in repurchase agreement transactions.

Changes in significant liabilities and equity line items

The following items accounted for 90% of the company's liabilities and equity at December 31, 2009:

- amounts due to customers (36%) and to credit institutions (11%);
- debt securities (20%);
- financial liabilities at fair value through profit or loss (18%); and
- equity attributable to equity holders of the parent company (4%).

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss consist of debt instruments measured at fair value on the balance sheet date with an offsetting entry in the income statement. These liabilities amounted to €183.1 billion at December 31, 2009, down €90.8 billion, or 33%, from a year earlier as a result of:

- a €81.3 billion drop in the value of trading derivatives, in parallel with the €88.4 billion reduction in the company's balance sheet assets; and
- a €9.3 billion decrease in issues of securities measured at fair value through profit or loss.

Amounts due to customers and credit institutions

Amounts due to customers and credit institutions totaled €483.4 billion at December 31, 2009, down €23.9 billion from a year earlier.

Amounts due to customers fell a modest €3.4 billion during the year to €367.7 billion, driven by:

- a €13.7 billion rise in current accounts with credit balances;
- a €1.3 billion contraction in amounts held in regulated savings accounts. The opening of the market for *Livret A* savings accounts coupled with a drop in its interest rate shrank the amount held in these accounts by €1.9 billion to €78.8 billion at December 31, 2009. On the other hand, the amount held in home saver accounts grew by €1 billion;
- a €0.4 billion decline in repurchase agreement transactions; and
- a €15.4 billion decrease in other customer accounts, including a €9.3 billion drop in term accounts (excluding accrued interest) and a €6.4 billion reduction in demand accounts (excluding accrued interest).

Amounts due to credit institutions contracted 15%, or €20.6 billion, to €115.7 billion at December 31, 2009. This decrease was fueled by a €10.8 billion decrease in term deposits, a €1.3 billion decline in demand deposits, and a €7.8 billion reduction in securities pledged under repurchase agreements.

Debt securities

The amount of debt securities fell €3.4 billion to €204.4 billion at December 31, 2009. Most of this decrease (€10.8 billion) comes from bonds, which partially offset the company's greater use of market financing through interbank-market and money-market instruments (up €8 billion).

Equity

Equity attributable to equity holders of the parent company totaled €44 billion at December 31, 2009, against €31.5 billion a year earlier. This change can be attributed to:

- the allocation of the €0.5 billion of net income for the year;
- an increase of €2.9 billion from share issues by Banque Populaire and Caisse d'Epargne during the year;
- an increase of €4.7 billion from the reclassification of undated deeply subordinated notes into equity, less €0.3 billion (after tax) of interest payments on the notes;
- an increase of €3 billion from the French government's purchase of preferred shares; and
- an increase of €1.0 billion from gains and losses recognized directly in equity.

4.3.4 Capital and solvency

Financial structure

The following two events in 2009 introduced major changes to the company's financial structure:

- the merger to form Groupe BPCE; and
- the extension of the French government's economic stimulus plan, under which the French government provided capital to Groupe BPCE through the purchase of:
  - €4.05 billion of deeply subordinated notes issued by CNCE and BFBP between Q4 2008 and Q2 2009, which were subsequently transferred to BPCE, and
  - €3 billion of non-voting preferred shares issued by BPCE on July 31, 2009.

At December 31, 2009, after these transactions, Groupe BPCE had €37.6 billion of Tier-1 capital and €411 billion of risk-weighted assets (mostly in the Commercial Banking business), giving a Tier-1 capital ratio of 9.1%. BPCE has long-term credit ratings of Aa3 from Moody's and A+ from Standard & Poor's and Fitch, all of which are coupled with a stable outlook.

Capital management

Groupe BPCE's capital management process

Paragraph 6, Article L. 512-107 of French Law No. 2009-715 dated June 18, 2009 creates the central institution of the Banque Populaire network and the Caisses d'Epargne, in charge of:

Taking all measures necessary to guarantee the solvency of the company and each of its banks, which includes: implementing the appropriate corporate financing mechanisms; setting up a mutual guarantee fund common to Banque Populaire and Caisse d'Epargne; determining the operating rules of this fund; establishing the terms and conditions under which the fund will intervene (in addition to the funds provided for in Articles L. 512-12 and L. 512-86-1); and determining affiliates' contributions for building and maintaining the fund.

Groupe BPCE has set up a Capital Management function within its Management Control department; this function is responsible for monitoring regulatory ratio forecasts at a corporate and subsidiary level, managing the company's capital, and handling the company's internal capital requirements.

Efforts to improve the company's capital management

Groupe BPCE implemented the following measures in 2009 to manage its capital more efficiently:

- an agreement reached by CNCE and BFBP on June 30, 2009 to advance a total of €1.5 billion (€750 million from CNCE) to shareholders' current accounts for Natixis, so that Natixis can better cope with the challenging economic conditions facing the banking industry and to give it the resources to implement its risk-reduction plan; Natixis paid back €1 billion of this advance on November 12, 2009;
- the reclassification of €4.7 billion of deeply subordinated notes issued by Groupe BPCE (BPCE SA and Natixis) into equity, as described in the section titled "Significant events of 2009;"
- seven exchange offers made by BPCE on July 6, 2009 concerning Tier-1 notes issued by Natixis; under this offer, the Natixis notes were exchanged for €0.8 billion of new Tier-1 notes issued by BPCE SA. This transaction positioned BPCE's central institution as a major issuer of bonds on international markets;
- the issue by BPCE of €750 million of deeply subordinated notes on October 14, 2009, in order to take advantage of the company's improved financial health and more favorable market conditions in Q3 2009. The proceeds from this issue were used to repay some of the deeply subordinated notes purchased by the French government through its equity investment company (*Société de Prise de Participation de l'État*), with the approval of the French Banking Commission;
- the purchase by BPCE on November 18, 2009 of €250 million of shares and €150 million of deeply subordinated notes issued by Financière Océor, in order to improve groupe Océor's solvency and meet the requirements set out by the French Banking Commission;
- the public issue by BPCE on November 25, 2009 of €1.75 billion of senior Euro Medium-Term Notes (EMTNs), including a floating-rate tranche of €1.25 billion; and
- a €175 million share issue by Coface (including additional paid-in capital) in the first quarter of 2010 following a €50 million share issue in July 2009.

4.4 BPCE SA group financial data

4.4.1 BPCE SA group financial results

BPCE SA group's net income is calculated by eliminating non-consolidated entities from the scope and adding back the share of income of the Banque Populaire banks and the Caisses d'Epargne obtained through the Cooperative Investment Certificates (CIC's) that Natixis has owned since 2006.

The following table shows how BPCE SA group's net income is calculated from Groupe BPCE's net income.

in millions of euros	2009
Groupe BPCE net income	**537**
Entities not consolidated or consolidated under a different method(1)	(893)
Income from Banque Populaire banks & Caisses d'Epargne (through Natixis CICs)	290
Other itmes	(3)
BPCE SA group net income	**(69)**

(1) Including Banque Populaire banks, Caisses d'Epargne, Nexity, FONCIA, and CFF.

BPCE SA group's net income totaled -€69 million compared with -€1.8 billion in 2008.

	BPCE SA group		Change
in millions of euros	2009	2008	€m
Net banking income	6,501	4,012	2,489
Operating expenses	(5,682)	(5,942)	260
GROSS OPERATING INCOME	**819**	**(1,930)**	**2,749**
Cost of risk	(2,788)	(1,884)	(904)
Share of income of associates	572	388	184
Net gain (loss) on other assets	(25)	345	(370)
Change in the value of goodwill	(326)	(90)	(236)
INCOME BEFORE TAX	**(1,748)**	**(3,171)**	**1,423**
Income tax	1,185	606	579
Minority interests	494	769	(275)
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	**(69)**	**(1,796)**	**1,727**

The 2009 net income, close to breakeven, includes:

- a net banking income that incorporates a €1.7 billion gain from the reclassification of deeply subordinated notes issued by the group into equity and a €1.6 billion reduction in the loss generated by Natixis' run-off operations;
- a 4% drop in expenses relative to 2008;
- a substantial increase in the cost of risk on the activities of Natixis Capital Markets and groupe Océor;
- a net loss on other assets (compared with a fairly significant gain in 2008) due to the recognition of €222 million of badwill on the purchase of Natixis shares in the market and a €103 million gain on divestments carried out by Natixis;
- goodwill impairment on entities in the Commercial Banking and Insurance business unit; and
- a €1.2 billion tax gain and minority interests related primarily to Natixis.

4.4.2 BPCE SA group results by business unit

in millions of euros	Commercial Banking and Insurance		CIB, Investment Solutions and SFS		Equity Interests		Workout Portfolio Management and other businesses		BPCE SA group	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Net banking income	735	721	4,942	5,486	345	733	479	(2,928)	6,501	4,012
Operating expenses	(670)	(549)	(3,465)	(3,576)	(714)	(690)	(833)	(1,127)	(5,682)	(5,942)
GROSS OPERATING INCOME	**65**	**172**	**1,477**	**1,910**	**(369)**	**43**	**(354)**	**(4,055)**	**819**	**(1,930)**
Cost of risk	(223)	(45)	(1,464)	(748)	(20)	(20)	(1,081)	(1,071)	(2,788)	(1,884)
Share of income of associates	548	349	16	23	5	13	3	3	572	388
Net gain (loss) on other assets	3	0	12	(4)	21	2	(61)	347	(25)	345
Change in the value of goodwill	0	0	0	0	0	0	(326)	(90)	(326)	(90
INCOME BEFORE TAX	**393**	**476**	**41**	**1,181**	**(363)**	**38**	**(1,819)**	**(4,866)**	**(1,748)**	**(3,171)**
Income tax	(23)	(60)	256	(342)	70	4	883	1,004	1,186	606
Minority interests	(108)	(83)	(119)	(271)	78	(34)	642	1,157	493	769
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	**262**	**333**	**178**	**568**	**(215)**	**8**	**(294)**	**(2,705)**	**(69)**	**(1,796)**

BPCE SA group has two core business units – Commercial Banking and Insurance, and Corporate and Investment Banking, Investment Solutions and Specialized Financial Services – as well as two non-core business units – Equity Investments, and Run-Off Operations and Other Activities.

- Net income at the Commercial Banking and Insurance business unit fell 21% to €262 million in 2009. The share of income of associates improved during the year thanks to solid performance at CNP Assurances and the two networks which form the Group's historic foundation. This improvement was partially offset by a €219 million net loss at groupe Océor (compared with a €20 million net loss in 2008) following a jump in groupe Océor's cost of risk;
- Net income at the Corporate and Investment Banking, Investment Solutions and Specialized Financial Services business unit totaled €178 million in 2009, resulting in roughly the same contribution as to Groupe BPCE;
- Net income at the Equity Investments business unit reflects the income from Coface and Natixis Private Equity, and contracted sharply in 2009 mainly as a result of a higher loss ratio at Coface.

Net income at the Run-off Operations and Other Activities business unit rose €2.4 billion, mainly due to non-recurring gains recognized in 2009 and an €0.8 billion decrease in the loss at Natixis' Workout Portfolio Management business.

4.4.3 Consolidated balance sheet and financial structure

in billions of euros	12/31/2009	12/31/2008	Change €bn	Change %
Cash and amounts due from central banks	8.8	13.9	(5.1)	-37%
Financial assets at fair value through profit or loss	180.9	298.6	(117.7)	-39%
Hedging derivatives	2.5	0.8	1.7	ns
Available-for-sale financial assets	39.6	37.7	1.9	5%
Loans and receivables due from credit institutions	191.2	154.2	37.0	24%
Loans and receivables due from customers	118.7	127.5	(8.8)	-7%
Held-to-maturity financial assets	5.5	6.4	(0.9)	-14%
Current and deferred tax assets and other assets	50.7	44.7	6.0	13%
Fixed assets	2.6	2.8	(0.2)	-7%
Goodwill	3.3	3.8	(0.5)	-13%
TOTAL ASSETS	**603.8**	**690.4**	**(86.6)**	**-13%**
Amounts due to central banks	0.2	0.8	(0.6)	-75%
Financial liabilities at fair value through profit or loss	180.6	275.2	(94.6)	-34%
Hedging derivatives	0.5	0.7	(0.2)	-29%
Amounts due to credit institutions	151.2	138.6	12.6	9%
Amounts due to customers	56.1	68.3	(12.2)	-18%
Debt securities	108.2	96.6	11.6	12%
Revaluation adjustment on interest-rate risk hedged portfolios	0.6	0.7	(0.1)	-14%
Current and deferred tax liabilities and other liabilities	24.5	32.5	(8.0)	-25%
Technical reserves of insurance companies	37.1	34.1	3.0	9%
Provisions	1.8	1.7	0.1	6%
Subordinated debt	14.5	21.8	(7.3)	-33%
Equity attributable to equity holders of the parent company	23.2	14.3	8.9	62%
Minority interests	5.3	5.1	0.2	4%
TOTAL LIABILITIES AND EQUITY	**603.8**	**690.4**	**(86.6)**	**-13%**

BPCE SA group had €603.8 billion of consolidated assets at December 31, 2009, down 13% from €690.4 billion a year earlier. This decrease primarily reflects changes in the value of financial assets and liabilities at fair value through profit or loss (of a negative €117.7 billion and a negative €94.6 billion, respectively) following the scaling back of Natixis Capital Markets' portfolios.

BPCE SA group's equity attributable to equity holders of the parent company totaled €23.2 billion at December 31, 2009, against €14.3 billion a year earlier. This €8.9 billion increase reflects:

- the allocation of the €69 million net loss for the year;
- an increase of €4.7 billion from the reclassification of undated deeply subordinated notes into equity, less €0.3 billion (after tax) of interest payments on the notes;
- an increase of €3 billion from the French government's purchase of preferred shares; and
- an increase of €0.7 billion from gains and losses recognized directly in equity.

BPCE SA group had €15.5 billion of Tier-1 capital at December 31, 2009, giving a Tier-1 capital ratio of 9.6%

4.5 Recent developments and outlook

As early 2010 points to a still-fragile economic recovery, Groupe BPCE has set itself ambitious goals under its 2010-2013 strategic plan "Together", by mobilizing the entire company – from individual employees to entire business units.

4.5.1 The 2010-2013 strategic plan "Together"

The 2010-2013 strategic plan "Together" is based on the following two targets:

- focus the Group on its core business lines (Commercial Banking and Insurance, and CIB, Investment Solutions and SFS), that directly contribute to its mission of facilitating saving deposits and providing financing solutions,
- leveraging the opportunities for its traditional banks arising from the creation of Groupe BPCE. Group's companies intend to take full advantage of the new organizational structure and potential synergies, while continuing to provide reliable service to their customers, cooperative members, and local communities.

This strategic plan should let Groupe BPCE generate the profits it needs to secure its solvency, carry out its growth initiatives, and repay the French government aid by 2013, with an initial goal of starting to redeem its preferred shares in 2010.

4.5.2 Simplification of Groupe BPCE's organizational structure

In late July 2010, Groupe BPCE will take a major step forward by implementing measures to simplify its organizational structure. A strategy review carried out as part of the *Ensemble* strategic plan, coupled with an independent audit in 2009 of the company's structured credit assets, opened the door for shareholders and the Banque Populaire network to envisage a merger of their holding companies with BPCE. The subsidiaries owned by the holding companies BP Participations and CE Participations will be incorporated into BPCE through a merger planned for late July 2010. This transaction will have no effect on Nexity, whose 41% stake will still be owned by the Caisses d'Epargne.

4.5.3 A new corporate governance system in line with the strategic plan "Together"

In 2010, Groupe BPCE will review its central institution's corporate governance structure so that it better reflects the goals of the *Ensemble* strategic plan.

- the Commercial Banking and Insurance business unit will be overseen by a single Board member, but the Business Development departments of Banque Populaire and Caisse d'Epargne will remain distinct in line with the principle of business development while maintaining competition between the two banks in all customer segments;
- a Board member who is also the Chief Operating Officer will guide the reorganization of the BPCE central institution; and
- the CEOs of Crédit Foncier de France and Financière Océor will become members of the Executive committee.

5

FINANCIAL REPORT

5.1 IFRS Consolidated financial statements of the Groupe BPCE at December 31, 2009

5.1.1 Consolidated balance sheet

ASSETS

in millions of euros	*Notes*	12/31/2009	12/31/2008, pro forma
Cash and amounts due from central banks		13,069	19,167
Financial assets at fair value through profit or loss	*5.1.1*	194,713	304,730
Hedging derivatives	*5.2*	6,481	5,402
Available-for-sale financial assets	*5.3*	65,853	59,305
Loans and receivables due from credit institutions	*5.5.1*	146,448	155,270
Loans and receivables due from customers	*5.5.2*	517,440	512,363
Revaluation differences on portfolios hedged against interest-rate risk		1,996	1,945
Held-to-maturity financial assets	*5.7*	8,851	9,167
Current income tax assets		1,711	1,360
Deferred income tax assets	*5.8*	5,464	5,136
Accrued income and other assets	*5.9*	48,966	49,437
Deferred profit sharing	*5.10*	0	1,153
Investments in associates	*5.11*	2,329	2,104
Investment property	*5.12*	2,465	2,586
Property, plant and equipment	*5.13*	5,379	5,119
Intangible assets	*5.13*	1,967	2,026
Goodwill	*5.14*	5,670	7,409
TOTAL ASSETS		**1,028,802**	**1,143,679**

LIABILITIES AND EQUITY

in millions of euros	*Notes*	12/31/2009	12/31/2008, pro forma
Amounts due to central banks		214	843
Financial liabilities at fair value through profit or loss	*5.1.2*	183,067	273,876
Hedging derivatives	*5.2*	4,648	6,215
Amounts due to credit institutions	*5.15.1*	115,730	136,256
Amounts due to customers	*5.15.2*	367,717	371,053
Debt securities	*5.16*	204,410	207,834
Revaluation differences on portfolios hedged against interest-rate risk		1,006	1,177
Current income tax liabilities		815	356
Deferred income tax liabilities	*5.8*	891	1,254
Accrued expenses and sundry liabilities	*5.17*	40,671	44,436
Technical reserves of insurance companies	*5.18*	41,573	38,104
Provisions	*5.19*	5,285	5,042
Subordinated debt	*5.20*	14,981	22,022
Consolidated equity		**47,794**	**35,211**
Equity attributable to equity holders of the parent		**43,988**	**31,513**
Share capital and additional paid-in capital		26,589	20,179
Retained earnings		17,693	15,059
Gains and losses recognized directly in equity		(831)	(1,878)
Net income for the period		537	(1,847)
Minority interests		3,806	3,698
TOTAL LIABILITIES AND EQUITY		**1,028,802**	**1,143,679**

5.1.2 Consolidated income statement

in millions of euros	*Notes*	2009	2008, pro forma
Interest and similar income	*6.1*	34,465	46,533
Interest and similar expense	*6.1*	(21,713)	(37,549)
Fee and commission income	*6.2*	8,705	9,528
Fee and commission expense	*6.2*	(1,728)	(1,861)
Net gain or loss on financial instruments at fair value through profit or loss	*6.3*	342	(3,447)
Net gain or loss on available-for-sale financial assets	*6.4*	(304)	(185)
Income from other activities	*6.5*	11,804	11,181
Expenses on other activities	*6.5*	(10,344)	(8,104)
Net banking income		**21,227**	**16,096**
Operating expenses	*6.6*	(15,319)	(15,383)
Depreciation, amortization and impairment of property, plant and equipment and intangible assets		(1,040)	(954)
Gross operating income		**4,868**	**(241)**
Cost of risk	*6.7*	(4,145)	(3,146)
Operating income/(loss)		**723**	**(3,387)**
Share of income/(loss) of associates	*6.8*	198	184
Gains or losses on other assets	*6.9*	(10)	383
Losses arising from the CNCE market incident of October 2008		0	(752)
Change in the value of goodwill	*6.10*	(1,279)	(168)
Income before tax		**(368)**	**(3,740)**
Income taxes	*6.11*	293	1,044
Net income		**(75)**	**(2,696)**
Minority interests		612	849
Net income attributable to equity holders of the parent		**537**	**(1,847)**

5.1.3 Net income, and gains and losses recognized directly in equity

in millions of euros	**2009**	**2008, pro forma**
NET INCOME	**(75)**	**(2,696)**
Translation adjustments	45	(118)
Change in the value of available-for-sale financial assets	1,516	(3,749)
Change in the value of hedging derivatives	(269)	(1,052)
Taxes	(168)	926
Share of gains and losses recognized directly in the equity of associates	132	(233)
GAINS AND LOSSES RECOGNIZED DIRECTLY IN EQUITY (AFTER TAX)	**1,256**	**(4,226)**
NET INCOME, AND GAINS AND LOSSES RECOGNIZED DIRECTLY IN EQUITY	**1,181**	**(6,922)**
Attributable to equity holders of the parent	1,584	(5,114)
Minority interests	(403)	(1,808)

5.1.4 Statement of changes in equity

in millions of euros	Share capital and additional paid-in capital: Share capital[(1)]	Share capital and additional paid-in capital: Additional paid-in capital[(1)]	Preferred shares	Perpetual deeply subordinated notes	Retained earnings[(2)]
EQUITY AT JANUARY 1, 2008	**8,831**	**8,452**			**16,577**
Capital increase	1,182	0			(389)
Dividend payments					(322)
Issue of deeply subordinated notes				950	
Impact of mergers		1,714			(1,759)
Impact of acquisitions and divestments on minority interests					
Gains and losses recognized directly in equity					
Net income					
Other changes					3
EQUITY AT DECEMBER 31, 2008	**10,013**	**10,166**		**950**	**14,109**
Appropriation of 2008 net income					(1,847)
EQUITY AT JANUARY 1, 2009	**10,013**	**10,166**		**950**	**12,262**
Capital increase[(3)]	3,403	6			(487)
Dividend payments					(347)
Preferred shares held by the state[(4)]			3,000		
Reclassification of deeply subordinated notes[(5)]				4,737	
Issues and redemptions of deeply subordinated notes				822	
Interest on deeply subordinated notes				(258)	
Impact of mergers[(6)]					(18)
Impact of acquisitions and divestments on minority interests					
Gains and losses recognized directly in equity					
Net income					
Other changes					32
EQUITY AT DECEMBER 31, 2009	**13,416**	**10,173**	**3,000**	**6,250**	**11,443**

Comments:

(1) Share capital and additional paid-in capital comprises the capital of the Banque Populaire banks and of the Caisses d'Epargne in respective amounts of €6 billion and €7.4 billion and additional paid-in capital of €4.2 billion and €5.9 billion.

(2) The cooperative investment certificates (CIC) issued by the Banque Populaire banks and Caisses d'Epargne, which are held by Natixis, are eliminated from retained earnings based on the Group's percentage interest in Natixis.

(2) and (3) The Banque Populaire banks and Caisses d'Epargne carried out €3.4 billion in capital increases during fiscal 2009. The portion attributable to the CIC cooperative investment certificates was eliminated from retained earnings in an amount of €487 million.

(4) The subscription of preferred stock by the French state increased equity by €3 billion.

(5) The reclassification of perpetual deeply subordinated notes is dealt with in note 1.3.

(6) The formation of BPCE gave rise to the distribution of €18 million to minority shareholders of the former-Banque Fédérale des Banques Populaires.

Gains and losses recognized directly in equity						
	Change in the fair value of instruments					
Translation adjustments	Available-for-sale financial assets	Hedging derivatives	Net income attributable to equity holders of the parent	Equity attributable to holders of the parent	Minority interests	Total Consolidated equity
(215)	**1,450**	**154**		**35,248**	**4,410**	**39,659**
				793	1,315	2,108
				(322)	(387)	(709)
				950		950
				(45)		(45)
					165	165
(11)	(2,572)	(684)		(3,267)	(959)	(4,226)
			(1,847)	(1,847)	(849)	(2,696)
				3	3	6
(226)	**(1,122)**	**(530)**	**(1,847)**	**31,513**	**3,698**	**35,211**
			1,847			
(226)	**(1,122)**	**(530)**		**31,513**	**3,698**	**35,211**
				2,923	(192)	2,731
				(347)	(97)	(443)
				3,000		3,000
				4,737	827	5,563
				822		822
				(258)		(258)
				(18)		(18)
					(45)	(45)
28	1,193	(174)		1,047	209	1,256
			537	537	(612)	(75)
				32	18	51
(198)	**71**	**(704)**	**537**	**43,988**	**3,806**	**47,794**

5.1.5 Consolidated cash flow statement

in millions of euros	12/31/2009	2008, pro forma
Income before tax	**(368)**	**(3,740)**
Net depreciation and amortization of property, plant and equipment, and intangible assets	1,102	1,024
Impairment of goodwill	1,279	168
Net additions to/reversals of provisions for impairment	4,798	3,836
Share of income/(loss) of associates	(323)	(324)
Net losses/net gains on investing activities	(883)	(1,866)
Income/expense from financing activities	1,240	1,001
Other movements	14,505	(216)
Total non-monetary items included in net income/(loss) before tax	***21,718***	***3,623***
Net increase or decrease arising from transactions with credit institutions	(9,286)	26,050
Net increase or decrease arising from transactions with customers	4,154	(1,007)
Net increase or decrease arising from transactions involving financial assets and liabilities	(10,599)	(7,277)
Net increase or decrease arising from transactions involving non-financial assets and liabilities	(16,130)	(15,803)
Taxes paid	(266)	(509)
Net increase/(decrease) in assets and liabilities resulting from operating activities	***(32,127)***	***1,454***
NET CASH FLOWS GENERATED BY OPERATING ACTIVITIES (A)	**(10,777)**	**1,337**
Net increase or decrease related to financial assets and equity investments	1,163	1,042
Net increase or decrease related to investment property	(89)	(237)
Net increase or decrease related to property, plant and equipment, and intangible assets	(1,095)	(844)
NET CASH FLOWS ARISING FROM INVESTING ACTIVITIES (B)	**(21)**	**(39)**
Net increase (decrease) arising from transactions with shareholders	5,330	460
Other increases or decreases generated by financing activities	(227)	16,714
NET CASH FLOWS ARISING FROM FINANCING ACTIVITIES (C)	**5,103**	**17,174**
IMPACT OF CHANGES IN EXCHANGE RATES (D)		**(537)**
TOTAL NET CASH FLOWS (A+B+C+D)	**(5,695)**	**17,935**
Cash and net balance of accounts with central banks	18,324	11,244
Net balance of demand transactions with credit institutions	(3,897)	(14,752)
Cash and cash equivalents at beginning of the fiscal year	**14,427**	**(3,508)**
Cash and net balance of accounts with central banks	12,855	18,324
Net balance of demand transactions with credit institutions	(4,123)	(3,897)
Cash and cash equivalents at end of the fiscal year	**8,732**	**14,427**
CHANGE IN CASH AND CASH EQUIVALENTS	**(5,695)**	**17,935**

5.1.6 Notes to the consolidated financial statements

Note 1 General framework

1.1 GROUPE BPCE

The Groupe BPCE was officially established on July 31, 2009. It comprises the Banque Populaire network, the Caisse d'Epargne network, the BPCE central institution and its subsidiaries, BP Participations (formerly Banque Fédérale des Banques Populaires - BFBP) and its subsidiaries, CE Participations (formerly the Caisse Nationale des Caisses d'Epargne - CNCE) and its subsidiaries.

The Banque Populaire and Caisse d'Epargne networks

The Groupe BPCE is a cooperative group, with its cooperative shareholders owning two retail banking networks, that is the 20 Banque Populaire banks and the 17 Caisses d'Epargne. Each of the two networks owns an equal share in the Group's central body, known as BPCE. The Banque Populaire network comprises the Banque Populaire banks, the mutual guarantee companies granting them the exclusive benefit of their guarantees pursuant to their bylaws and the holding company for the Banque Populaire network, namely BP Participations. The Caisse d'Epargne network comprises the Caisses d'Epargne et de Prévoyance, the local savings companies, the Fédération Nationale des Caisses d'Epargne and the holding company for the Caisse d'Epargne network, namely CE Participations. The Banque Populaire banks are 80%-owned by their cooperative shareholders and 20%-owned by Natixis via the cooperative investment certificates (CICs). The capital of the Caisses d'Epargne is 80%-owned by the Local Savings Companies (LSC) and 20%-owned by Natixis via the CICs. The regionally based local savings companies are cooperative structures with an open-ended share capital owned by cooperative shareholders. They 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.

BPCE

The new central institution called BPCE was established pursuant to Law No. 2009-715 of June 18, 2009. It replaced the two former central bodies, namely the BFBP and the CNCE. It was formed through partial contributions of assets subject to the spin-off regime, which were made by the CNCE and the BFBP. The French state holds the non-voting preferred stock. BPCE, a central body within the meaning of French banking law and a credit institution approved to operate as a bank, was incorporated as a *société anonyme* with a Management Board and Supervisory Board, with its share capital being owned jointly and equally by the 17 Caisses d'Epargne and the 20 Banque Populaire banks since July 31, 2009. It holds the joint ventures between the two networks in retail banking, corporate banking and financial services and their production units. BPCE's main subsidiaries are:

- Natixis, a 72%-owned subsidiary, which holds the capital market and financial services activities;
- BP Covered Bonds, which operates the Banque Populaire banks' covered bonds program;
- Financière Océor, the regional development bank serving France's overseas dependencies and international markets,
- GCE Covered Bonds, which operates the Caisse d'Epargne network's covered bonds program;
- Banque BCP (France) et Banque BCP (Luxembourg), the commercial banks formed through the merger of Portuguese financial institutions;
- BCI, BICEC and BIAT, commercial banks based respectively in Congo, Cameroon and Tunisia;
- Société Marseillaise de Crédit (SMC), a regional commercial bank;
- CNP Assurances (personal care services) and GCE Assurances (property/casualty insurance);
- GCE Technologies, the IT centre of the Caisse d'Epargne network;
- i-BP, the IT platform of the Banque Populaire banks.

BPCE's mission statement is in keeping with the cooperative principles of the Banque Populaire banks and the Caisses d'Epargne. Specifically, BPCE 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 key management appointments and oversees the smooth functioning of the Group's institutions. As a holding company, BPCE acts as the top holding company for the Group. It owns and manages investments in the subsidiaries. It also defines the Group's corporate strategy and development policy. In respect of the Group's financial functions, BPCE is also responsible, in particular, for conducting the centralized management of any surplus funds, 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. It also provides banking services to the other Group entities.

BP Participations and CE Participations

The Banque Populaire and Caisse d'Epargne networks respectively own 100% of their former central body:

- the BFBP for the Banque Populaire banks, renamed Banques Populaires Participations (BP Participations);
- and the CNCE for the Caisse d'Epargne network, renamed Caisses d'Epargne Participations (CE Participations).

BP Participations and CE Participations hold the assets that were not contributed to BPCE. These holding companies are financial sector companies approved as credit institutions and affiliated with BPCE. The two holding companies have a limited, specific and exclusive corporate purpose. In accordance with Article L. 311-1 of the French Monetary and Financial Code (*Code monétaire et financier*), they manage and control their respective investments and proprietary trading activities, and ensure the continuity of any lending operations undertaken by the BFBP or the CNCE that were not transferred to BPCE within the framework of asset contributions. The subsidiaries of the Real Estate division of the two former groups (notably Crédit Foncier de France, Nexity, FONCIA and Meilleurtaux) and a number of other shareholdings owned by the two former central bodies (notably Banca Carige, Banque Palatine and MA BANQUE) are held by BP Participations and CE Participations.

1.2 GUARANTEE MECHANISM

Pursuant to Article L. 512-107-6 of the Monetary and Financial Code, the guarantee and solidarity mechanism aims to safeguard the liquidity and solvency of the Group and institutions affiliated with BPCE, as well as to safeguard financial security within the Banque Populaire and Caisse d'Epargne networks. BPCE is responsible for taking all measures necessary to guarantee the solvency of the Group and each of its networks, including implementing the appropriate Group internal financing mechanisms and setting up a mutual guarantee fund common to both networks, of which it determines the working rules, the terms and conditions under which the fund may be called upon in addition to the two funds of the two networks already in place and the contributions made by affiliates for its endowment and reconstitution. BPCE manages the Banque Populaire network fund and the Caisses d'Epargne et de Prévoyance network fund and is setting up the new mutual guarantee fund.

The Banque Populaire network fund corresponds to the amount of the guarantee fund set up by the former Groupe Banque Populaire (€450 million). It has been deposited by BP Participations in BPCE's books in the form of a 10-year term deposit, which may be renewed indefinitely. The Caisses d'Epargne et de Prévoyance network fund (€450 million) has been deposited by CE Participations in BPCE's books in the form of a 10-year term deposit, which may be renewed indefinitely. This deposit has itself been deposited by the Caisses d'Epargne with CE Participations. The Mutual Guarantee Fund is composed of deposits made by the Banque Populaire banks and the Caisses d'Epargne in BPCE's books in the form of a 10-year term deposit, which may be renewed indefinitely. The initial amount of deposits totals €20 million (€10 million by the Banque Populaire banks and €10 million by the Caisses d'Epargne). Thereafter, the fund will be endowed each year with 5% of the contribution made by the Banque Populaire banks, the Caisses d'Epargne and their subsidiaries – with the exception of the investment holding companies and their respective subsidiaries – to the Group's consolidated earnings up to a maximum limit of 0.3% of the Group's risk-weighted assets (RWA). This contribution will be allocated in proportion to BPCE's share capital using the same allocation criteria as described above. The total amount of deposits placed with BPCE in respect of the Banques Populaires network fund, the Caisses d'Epargne et de Prévoyance network fund and the Mutual Guarantee Fund may not be any lower than 0.15% of the Group's Risk-weighted assets. The arrangements for invocation of the guarantee system are predicated on the following level of priority:

- Each beneficiary must first of all draw on its equity capital. BPCE may solicit intervention by the Banque Populaire banks and the Caisses d'Epargne under the guarantee and solvency system by applying the allocation criteria for contributions before calling on the three funds.
- If the defaulting bank belongs to one of the two networks (the Caisses d'Epargne and their subsidiaries with bank status and BPCE affiliation, on the one hand, or the Banque Populaire banks and their subsidiaries with bank status and BPCE affiliation, on the other hand), the amount drawn:
  - is charged first against the guarantee fund of the appropriate network, *i.e.* against the term deposit held in the name of the corresponding holding company, until this deposit has been used up,
  - when this deposit has been exhausted, the parent companies of the corresponding network (Banque Populaire banks or Caisses d'Epargne) are called on to contribute within their capacities,
  - when their capacities have been exhausted, the amount is charged against the investment fund, *i.e.* against the term deposits held in the books of BPCE in the name of all the parent companies,
  - if the investment fund has been exhausted, any residual amount is charged against the guarantee fund of the other network, *i.e.* against term deposits of the other holding company,
  - if the guarantee fund of the other network has also been exhausted, the parent companies of the said network are called on within their capacities.
- If the defaulting bank is BPCE or one of its subsidiaries, the amount:
  - is charged first against the investment fund, *i.e.* against term deposits held in the books of BPCE in the name of all the parent companies until it has been exhausted,
  - then, symmetrically, against the two networks' guarantee funds, *i.e.* against the term deposits of the two holding companies,
  - if these two funds have been exhausted, the parent companies are called on within their capacities.

The intervention of the Banque Populaire network fund, the Caisses d'Epargne et de Prévoyance network fund and/or the Mutual Guarantee Fund or, more generally, any provision of funds under the guarantee and solidarity mechanism to a beneficiary will take the form of a subsidy or any other form of intervention that may prove to be more appropriate. The mutual guarantee companies granting exclusive rights to their guarantees pursuant to their bylaws to a Banque Populaire bank receive the benefit of the latter's liquidity and solvency guarantee with which they are approved collectively in accordance with Article R. 515-1 of the Monetary and Financial Code. The liquidity and solvency of the Caisses de Crédit Maritime Mutuel are guaranteed at the first level for each Caisse considered by the Banque Populaire that is its core shareholder and operator in respect of the technical and functional support provided by the Caisse to the Banque Populaire. The liquidity and solvency of the Local Savings Companies are guaranteed at the first level for each local savings company considered by the Caisse d'Epargne in which the relevant local savings company is a shareholder. BPCE's Management Board holds all the requisite powers to mobilize the resources of the various contributors without delay and in accordance with the agreed order, on the basis of prior authorizations given to BPCE by the contributors.

1.3 SIGNIFICANT EVENTS

Formation of the Groupe BPCE

The first half of 2009 saw work continue on the combination initiated in October 2008 by the Groupe Caisse d'Epargne and Groupe Banque Populaire. François Pérol was appointed Chief Executive Officer of the Banque Fédérale des Banques Populaires (BFBP) and Executive Chairman of the Caisse Nationale des Caisses d'Epargne (CNCE). He led the process, bringing it to fruition in accordance with an ambitious timetable.

The various steps necessary to create France's second-biggest banking group were taken, leading up to the approval by Extraordinary Shareholders' Meetings of the BFBP, the CNCE and BPCE on July 31, 2009, and the creation of the Groupe BPCE. Since August 3, 2009, BPCE has been jointly owned by the 20 Banque Populaire banks and the 17 Caisses d'Epargne, following the contribution of the activities of their central bodies and the main assets of the BFBP and the CNCE to a central body. The combined entity also received a capital contribution from the French state, comprising:

€4.05 billion in deeply subordinated notes issued by the CNCE and the BFBP between the fourth quarter of 2008 and the second quarter of 2009 and contributed to BPCE (including €750 million redeemed during the fourth quarter of 2009);

€3 billion in non-voting preferred stock issued by BPCE on July 31, 2009.

Deregulation of distribution rights for *Livret A* savings accounts

Since January 1, 2009, all banks have been allowed to sell *Livret A* savings accounts. During a transitional period due to run until 2011, the Caisses d'Epargne, a traditional distributor alongside La Poste, benefit from additional remuneration of between 0.1% and 0.3% and are required to centralize a larger share of the liquidity gathered. The annual interest rate paid on the *Livret A* was revised down three times during 2009 to 1.25% from 4% at the start of the year.

Reclassification as equity of the deeply subordinated notes issued by the Group

Under IFRS, financial instruments in issue are classified as debt or equity instruments depending on whether or not the issuer has a contractual obligation to deliver cash to holders of the securities. This obligation must arise from specific contractual terms and conditions, not merely economic constraints. At December 31, 2008, the deeply subordinated notes (DSN) issued by the CNCE and the Natixis group represented debt under IFRS, due to a clause in issuance contracts making the payment of a coupon mandatory whenever the issuing entity recorded a profit. Following the renegotiation of the contracts in the first half of 2009 for the CNCE, since renamed CE Participations, and during the fourth quarter of 2009 for Natixis, the contractual obligation to pay a coupon on these notes was cancelled. The DSNs were accordingly reclassified as equity at their fair value. The gap between the value at which the notes were recorded as debt and their fair value was recognized in income, representing a gain of €1.7 billion for the Groupe BPCE and €1.5 billion for BPCE.

These capital gains are a reflection of the favorable financing conditions enjoyed by the Group with respect to its deeply subordinated financing in the prevailing market conditions.

Implementation of the guarantee mechanism for Natixis assets by BPCE

During the second half of 2009, BPCE put in place a system to protect its Natixis subsidiary against losses and earnings volatility caused by its segregated assets structure (GAPC).

The aim of this protection mechanism is to reinforce Natixis and foster the conditions necessary for the success of its strategic plan. It enabled Natixis to free up a significant portion of its equity allocated to the segregated assets (€770 million in Tier-1 capital) and to protect itself against the risk of losses after June 30, 2009.

The guarantee granted by BPCE to Natixis was adopted with effect retroactive to July 1, 2009 and it had no material effect on the Groupe BPCE's fiscal 2009 results.

Optimization and management of capital on behalf of the Group

On July 6, 2009, BPCE launched seven exchange offers for Tier-1 notes issued by Natixis. The notes contributed as part of these offers could be exchanged for new Tier-1 notes issued by BPCE. With this transaction (€0.8 billion in new BPCE notes), the central body of the new BPCE group established itself as a major bond issuer in the international markets. In addition, during October 2009, an issue of deeply subordinated notes (DSNs) raised €750 million, while the same amount of the deeply subordinated notes issued to SPPE was redeemed.

1.4 SUBSEQUENT EVENTS

2010-2013 Strategic Plan

On February 25, 2010, the Groupe BPCE announced the key planks of its 2010-2013 strategic plan and notably the following decisions:

- a focus on the core commercial banking and insurance businesses and on corporate and investment banking, savings and specialized financial services combined in Natixis;
- management of the Group's shareholdings in the real estate sector as financial investments (FONCIA, Nexity, Eurosic).

The announcement of the strategic plan had no impact on the Group's consolidated financial statements at December 31, 2009.

Streamlining of the Group's corporate structure

On February 25, 2010, BPCE announced a plan to streamline the Group's corporate structure, which is likely to be implemented by the end of July 2010:

- merger of the investment holding companies of the Banques Populaires (BP Participations) and of the Caisses d'Epargne (CE Participations) into BPCE;
- investment in Nexity held by the Caisses d'Epargne.

This decision had no impact on the Group's consolidated financial statements at December 31, 2009.

Start of negotiations to sell part of Natixis Private Equity's portfolio

On February 22, 2010, Natixis confirmed that it had begun negotiations to sell part of Natixis Private Equity's portfolio, including two FCPR venture capital funds, namely IXEN and IXEN II.

With the sale due to take place during the first half of 2010, a provision of €35 million was set aside during the fiscal year ended December 31, 2009, including €9 million in respect of the impairment of goodwill recognized on the entities to be sold.

Note 2 Accounting principles and comparability

2.1 REGULATORY FRAMEWORK

In accordance with EC Regulation No. 1606/2002 of July 19, 2002 on the application of international accounting standards, the Groupe BPCE has prepared its consolidated financial statements for the fiscal year ended December 31, 2009 under International Financial Reporting Standards (IFRS) as adopted for use by the European Union and applicable at that date, thereby excluding certain provisions of IAS 39 relating to hedge accounting.[1]

2.2 REFERENCE FRAMEWORK

The standards and interpretations used and set forth in the consolidated financial statements of Groupe Banque Populaire and Groupe Caisse d'Epargne at December 31, 2008 have been supplemented by standards, amendments and interpretations, the application of which is mandatory for fiscal years beginning on or after January 1, 2009 and notably revised IAS 1 "Presentation of financial statements", the amendment to IFRS 7 "Financial Instruments: Disclosures (amended)" (see section 5.4) and IFRS 8 "Operating Segments" (see note 9). The other standards, amendments and interpretations adopted by the European Union, application of which was mandatory in 2009, did not have a material impact on the Group's financial statements.

Lastly, the Group has not elected for early adoption of standards, amendments and interpretations adopted by the European Union where this decision is optional, unless stated specifically. Even so, application of these standards is not expected to have a significant impact on the Group's financial statements in 2010.

2.3 USE OF ESTIMATES

Preparation of the financial statements requires management to make estimates and assumptions in certain areas with regard to uncertain future events, based on the judgment of the individuals preparing these financial statements and the information available at 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, 2009, the accounting estimates involving assumptions were mainly used in the following areas:

- the fair value of financial instruments determined on the basis of valuation models (see note 4.1.6);
- the amount of impairment of financial assets, and more specifically impairment losses on an individual basis or calculated on the basis of portfolios (note 4.1.7);
- provisions recorded under liabilities on the balance sheet and more specifically the provision for homebuyers' savings plans and accounts (note 4.5) and provisions for insurance contracts (note 4.13);
- calculations related to the cost of pensions and future employee benefits (see note 4.10).
- deferred taxes (note 4.12);
- goodwill impairment testing (see note 3.6.3).

2.4 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 2009 No. R.04 issued by the *Conseil national de la comptabilité* (CNC, the French national accounting board) on July 2, 2009.

Note 3 Consolidation principles and methods

3.1 CONSOLIDATING ENTITY

The consolidating entity of the Groupe BPCE comprises:

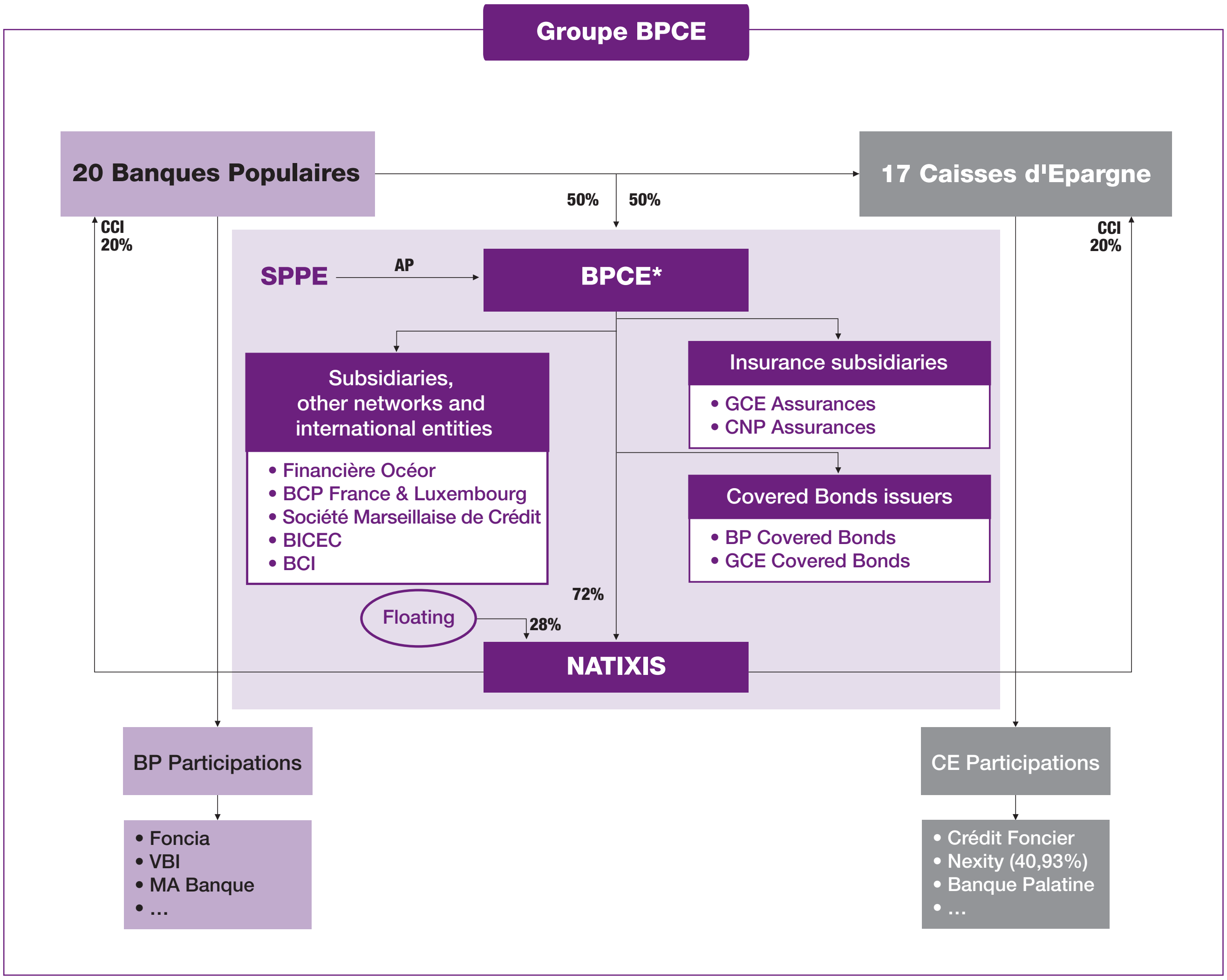
- the Banque Populaire banks, *i.e.* the 18 Banque Populaire regional banks, the CASDEN Banque Populaire and Crédit Coopératif;
- the 17 Caisses d'Epargne;
- the Caisses du Crédit Maritime Mutuel, affiliated with BPCE pursuant to the Financial Security Law No. 2003-706 of August 1, 2003;
- the Sociétés de Caution Mutuelle (SCM, Mutual guarantee companies) collectively affiliated with the Banques Populaires to which they are linked;
- the Group's central institution BPCE.

In addition, the Groupe BPCE comprises:

- the subsidiaries of the Banque Populaire banks, including the regional banks acquired on July 2, 2008 from HSBC, the BP Participations holding company and its subsidiaries (FONCIA, VBI, MA BANQUE, etc.);
- the subsidiaries of the Caisses d'Epargne, including CE Participations and its subsidiaries (Crédit Foncier, Nexity, Banque Palatine, etc.);
- subsidiaries owned by the central body, chief among which Natixis.

Lastly, the Groupe BPCE includes the credit institutions that have signed an association agreement with Crédit Coopératif. Their share of their net income and equity is recorded under minority interests.

(1) *Information available on: http://ec.europa.eu/internal_market/accounting/ias/index_en.htm.*



* *The French state holds €3 billion in non-voting preferred stock.*

3.2 ACCOUNTING TREATMENT OF THE FORMATION OF THE GROUPE BPCE

Pursuant to IFRS 3, the combination between Groupe Banque Populaire and Groupe Caisse d'Epargne, was considered to be a merger of mutual entities, which is excluded from the scope of this standard. Given the substance of the business combination, the historic cost method was used as the basis for the recognition of the merger transactions. This method has the following advantages:

- it is consistent with the principles of equity and balance that were central to the merger;
- it ensures that the methods used to value the combined entity's assets and liabilities are consistent, and guarantees neutral accounting treatment, irrespective of the origins of the businesses;
- it requires the elimination of the impact of prior transactions effected by Groupe Banque Populaire and Groupe Caisse d'Epargne.

In particular, valuation differences and goodwill arising from the establishment of Natixis were restated. This method led to the presentation of the Groupe BPCE's 2009 income statement as if the merger transaction had been completed on January 1, 2009. Accordingly, only notes directly related to the summary statements are presented as a comparison. The harmonization of the accounting principles of the two groups, as well as the impact on the Groupe BPCE's equity, is presented in the note on how the pro forma figures (note 12) were prepared.

3.3 SCOPE OF CONSOLIDATION AND CONSOLIDATION METHODS

3.3.1 Control

Groupe BPCE's consolidated financial statements include the financial statements of all the entities over which it exercises control or significant influence, whose consolidation had a material impact on the aforementioned financial statements. 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.

Exclusive 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 or dismiss a majority of the members of the management bodies, or the right to exercise a dominant influence by virtue of a management contract or in accordance with the Group's bylaws.

Joint control

Joint control is the contractually agreed sharing of control over an economic entity involving a limited number of shareholders, such that the entity's financial and operating policies are determined by agreement between those partners, and exists only when the strategic decisions require the unanimous consent of the parties sharing control.

Significant influence

Significant influence is the power to participate in the financial and operating policy decisions of an entity, without exercising control over it. Significant influence is presumed to exist when the Group holds, directly or indirectly, 20% or more of the voting rights of an entity.

3.3.2 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.

Full consolidation

The financial statements of entities under exclusive control are fully consolidated.

Proportional consolidation

Entities that the Group controls jointly with a limited number of investors are consolidated on a proportional basis.

Equity method

Companies over which the Group has significant influence are accounted for using the equity method.

3.4 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 conducted exclusively on behalf of the Group, such that the Group derives 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 deriving from the SPE;
- the Group is exposed to a majority of the risks relating to the activities of the SPE.

However, entities operating in a fiduciary capacity, on behalf of third parties, and in the interests of all parties involved, are not consolidated. Employee pension funds and supplementary health insurance plans are also excluded from the scope of consolidation.

Private equity businesses

However, IAS 28 and IAS 31, which cover investments in associates and interests in joint ventures, recognize the specific nature of the private equity business. Private equity investments in which the Group's ownership stands at between 20% and 50% do not have to be accounted for using the equity method if they are classified at inception in the "Financial assets at fair value through profit or loss" category. The Natixis group's private-equity subsidiaries have chosen to measure the relevant holdings, considering that this valuation method provides investors with more relevant information.

3.5 PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND BALANCE SHEET DATE

The consolidated financial statements are based on the separate financial statements of the Groupe BPCE companies at December 31, 2009. The consolidated financial statements of the Group for the year ended December 31, 2009 were authorized for issue by the Management Board on February 22, 2010.

3.6 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.

3.6.1 Foreign currency translation

The consolidated financial statements are expressed in euros. Balance sheet items of foreign entities whose functional currency is not the euro are translated using the exchange rate ruling at the balance sheet date. Income and expense items are translated at the average exchange rate for the period.

Exchange differences arise from a difference in:

- net income for the year translated at the average rate and at the closing rate;
- equity (excluding net income for the year) translated at the historic exchange rate and at the year-end rate.

The portion attributable to equity holders of the parent is recorded in equity under "Translation adjustments" and the portion attributable to minority shareholders under "Minority interests".

3.6.2 Elimination of intragroup transactions

The impact of intercompany transactions on the consolidated balance sheet and the income statement was eliminated on consolidation. Dividends, as well as gains and losses on intercompany asset disposals, were also eliminated. Where appropriate, capital losses resulting in impairment were maintained.

3.6.3 Business combinations

The Group did not elect for early adoption of the revised IFRS 3 on business combinations at December 31, 2009.

All business combinations 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 are explicitly excluded from the scope of IFRS 3 in force at December 31, 2009.

The cost of a business combination is the aggregate amount of the fair values at 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, and contingent liabilities of the acquiree are recognized at fair value at the acquisition date. The initial measurement of 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 assets. Goodwill is recognized in the acquirer's balance sheet and negative goodwill is recognized immediately in income.

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 of the net assets acquired. Goodwill is recognized in the functional currency of the acquiree and is translated at the closing exchange rate.

On the acquisition date, goodwill is allocated to one or more cash generating units (CGUs) likely to enjoy the benefits of the acquisition. 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.

Goodwill is tested for impairment at least annually, or more frequently if events or changes in circumstances indicate that it might be impaired.

Impairment tests consist in comparing the carrying amount of each CGU or group of CGUs (including allocated goodwill) with its recoverable amount, *i.e.* 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.

3.6.4 Commitments to buy out minority interests (written puts)

The Group has entered into commitments with minority shareholders of certain fully consolidated companies to buy out their shares.

In accordance with IAS 32, when minority shareholders are granted written puts for their investment, their share of the net assets of subsidiaries should be treated as debt and not as 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 liability).

Note 4 Accounting policies and valuation methods

4.1 FINANCIAL ASSETS AND LIABILITIES

4.1.1 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 4.1.2).

Loans and receivables are initially recorded at fair value plus any costs directly related to their issuance, less any proceeds directly attributable to issuance. 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 loans, which are treated as an adjustment to the effective yield on the loan. When loans are extended under conditions that are less favorable than market conditions, a discount corresponding to the difference between the nominal value of the loan and the sum of future cash flows discounted at the market interest rate is deducted from the nominal value of the loan. The market interest rate is the rate applied by the vast majority of local financial institutions at a given time for instruments and counterparties with similar characteristics.

A discount is applied to loans restructured when the borrower encounters financial difficulties 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 on the balance sheet. It is written back to net interest income on an actuarial basis in the income statement over the term of the loan.

The internal costs included in the calculation of the effective interest rate are the variable costs directly related to the set-up of the loans. The Group has adopted a restrictive position whereby only the performance-related component of account managers' salary directly indexed to loans granted is included in the effective interest rate. No other internal cost is included in the calculations of amortized cost.

The external costs consist primarily of commissions paid to third parties in connection with arrangement of loans. They essentially comprise commissions paid to business partners. Income directly attributable to the issuance of new loans principally comprise set-up fees charged to customers, rebilled costs and commitment fees (if it is more probable than improbable that the loan will be drawn down). The loan commitment fees received that will not result in any drawdowns are on commissions are apportioned on a straight-line basis over the life of the commitment. Expenses and income arising on loans with a term of less than one year at inception are deferred on a pro rata basis with no recalculation of the effective interest rate. For floating or adjustable rate loans, the effective interest rate is adjusted at each rate refixing date.

4.1.2 Securities

Securities recorded as 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 and liabilities at fair value through profit or loss

This asset category includes:

- financial assets and liabilities held for trading, *i.e.* securities acquired or issued principally for the purpose of selling them in the near term; and
- financial assets and liabilities 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 4.1.4 "Financial assets and liabilities designated at fair value through profit or loss". The initial fair value 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 these securities against interest rate risk are not permitted.

Held-to-maturity financial assets are recognized at fair value at 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 be exposed to a risk of material losses unrelated to the deterioration in their credit quality.

Some securities not quoted in an active market may be classified in this portfolio. These are initially recognized at fair value, which corresponds to their nominal 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 (note 4.1.1).

Available-for-sale financial assets

Available-for-sale financial assets are all securities not classified in the previous three categories.

Available-for-sale financial assets are initially recognized at purchase cost, including transaction costs.

At the balance sheet date, they are carried at their fair value and changes in fair value are recorded as gains and losses recognized directly in equity. The principles used to determine fair value are described in note 4.1.6.

If they are sold, these changes in fair value are taken to income. Interest income accrued or received on fixed-income securities is recorded under "Interest and similar income", while income from variable-income securities is included in "Net gain or loss on available-for-sale financial assets".

Date of recognition

Securities are recorded on the balance sheet on the settlement/delivery date.

Rules applicable to partial disposals

The first-in, first-out (FIFO) method is applied to any partial disposals of securities.

4.1.3 Debt and equity instruments

Financial instruments issued by the Group qualify as debt or equity instruments depending on whether or not 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. This obligation must arise from specific contractual terms and conditions, not merely economic constraints.

Debt securities

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 on the balance sheet under "Amounts due to credit institutions", "Amounts due to customers" or "Debt securities".

Subordinated debt

Subordinated debt differs from issues of other debt and bonds in that it will be repaid only after all the senior and unsecured creditors, but before the repayment of participating loans and securities and deeply subordinated notes.

It is valued at amortized cost.

Preferred shares

Given the characteristics of these instruments, the preferred shares issued by the Groupe BPCE and subscribed by SPPE were recognized as equity.

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 cooperative 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 the Group are treated as equity.

4.1.4 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 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 be applied only under the specific circumstances described below:

Elimination of or significant reduction in a measurement or recognition inconsistency (accounting mismatch)

Election for this option allows:

- 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 offset in income (*e.g.*, for a fixed-rate bond combined with a fixed-rate payer swap).

Harmonization of accounting treatment and performance management and measurement

The option applies for a group of assets and/or liabilities managed and measured at fair value, 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

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.

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.

4.1.5 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 rating or credit index, or other variable, provided 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 on the balance sheet at the trade date and measured at fair value at inception. They are remeasured at fair value at 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 income 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 recognized on the balance sheet under "Financial assets at fair value through profit or loss" when their market value is positive, and under "Financial liabilities at fair value through profit or loss" when their market value is negative. Realized and unrealized gains and losses on derivatives held for trading are taken to income on the "Net gain or loss on financial instruments at fair value through profit or loss" line.

Hedging derivatives

The 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 income in the same manner as 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 in the same manner as the accrued interest on the hedged item. Where identified assets or liabilities are hedged, the remeasurement of the hedged component is recognized on the same line of the balance sheet as 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 on 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 gain or loss is recognized in income 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 floating-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 of gains and losses recognized directly in equity. 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 under interest income in the same manner as the accrued interest on the hedged item. 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.

Specific cases of portfolio hedging (macro-hedging)

DOCUMENTATION AS CASH FLOW HEDGES

Certain Group credit institutions document their macro-hedges covering cash flows (hedging of portfolios of loans and borrowings).

In this case, portfolios of assets or liabilities that may be hedged are, for each maturity band:

- assets and liabilities exposed to variability in cash flows (floating-rate loans and borrowings). The entity incurs a risk of variability in future cash flows from floating-rate assets and liabilities insofar as future interest rate levels are not known in advance;
- future transactions deemed to be highly probable (forecasts). Assuming total outstandings remain constant, the entity is exposed to the risk of variability future in cash flows on future fixed-rate loans insofar as the interest rate at which the loan will be granted is not yet known. Similarly, the Group may be exposed to the risk of variability in future cash flows on the financing that it will need to raise in the market.

Under IAS 39, hedges of an overall net position of fixed rate assets and fixed rate liabilities with similar maturities do not qualify for hedge accounting. The hedged item can thus be considered as being equivalent to a portion of one or more portfolios of adjustable-rate instruments identified (portion of outstanding floating-rate deposits or loans). The effectiveness of a hedge is measured by creating a "hypothetical" derivative for each maturity band and comparing changes in its fair value since inception with those of the derivatives to be documented as hedges.

The characteristics of this derivative are identical to those of the hedged item. Effectiveness is then assessed by comparing the changes in value of the hypothetical derivative with the actual hedging instrument. This method requires the preparation of a maturity schedule. The effectiveness of the hedge must be shown prospectively and retrospectively.

The hedge is effective prospectively if, for each target maturity band, the nominal amount of items to be hedged is higher than the notional amount of the hedging instruments. The retrospective test calculates the retrospective effectiveness of a hedge initiated at various reporting dates. At each balance sheet date, changes in the mark-to-market value of hedging instruments, excluding accrued interest, are compared with those of hypothetical derivative instruments. The ratio of their respective changes should be between 80% and 125%. If the hedged item is sold or the future transaction is no longer highly probable, the cumulative unrealized gain or loss recognized in equity is transferred immediately to income. When the hedging relationship ceases, if the hedged item is still shown on the balance sheet, unrealized cumulative gains and losses are recognized in equity on a straight line basis. If the derivative has not been cancelled, it is reclassified as a trading derivative, and changes in its fair value are recognized in income.

DOCUMENTATION AS FAIR VALUE HEDGES

Other Group banks document their macro-hedging as fair value hedges by applying the so-called carve-out arrangements under IAS 39 as 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 at inception as fair value hedges of fixed-rate deposits and loans.

Macro-hedging derivatives are accounted for in the same manner 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 the "Revaluation differences on portfolios hedged against interest-rate risk".

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 at inception, the Group verifies that no excess hedging exists;
- quantitative testing: for other swaps, the change in the fair value of the actual swap must offset the changes in the fair value of a hypothetical swap that exactly reflects the underlying hedged item.

These tests are conducted prospectively at the date the instrument is designated as a hedge and retrospectively at each balance sheet date. If a hedging relationship ceases, the remeasurement adjustment is amortized on a straight-line basis over the life of the initial hedge if the hedged item has not been derecognized, or taken directly to income if the hedged item is no longer recorded on 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.

HEDGES OF A NET INVESTMENT IN A FOREIGN OPERATION

The net investment in a foreign operation is the amount of the investment held by the consolidating entity in the net assets of the operation. The purpose of a net investment hedge in a foreign currency 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.

4.1.6 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 at 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 equal to 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 make use of 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 in 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 technique predicated on internal models. Internal models used in this manner must be calibrated from time to time by matching their results to recent transaction prices.

Instruments measured based on (unadjusted) quoted prices in an active market (Level 1)

These are notably listed securities and derivatives, such as futures and options, that are actively traded on organized and identifiably liquid markets. All transactions effected by Natixis in listed markets fall into this category.

A market is considered active if the prices are easily and regularly available from a stock market, broker, trader, appraisal service or a regulatory agency and these prices represent actual transactions regularly occurring in the market in an arm's length transaction.

The absence of an active market and observable inputs 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 bid-ask spread).

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, the entity to exercise its judgment in determining whether a market is not active.

Over-the-counter instruments valued using recognized models and directly or indirectly observable inputs (Level 2)

STANDARD INSTRUMENTS

A certain number of products, in particular OTC derivatives, plain vanilla interest rate swaps, future rate agreements, caps, floors and simple options, are valued using valuation models. The valuations obtained may rely either on observable inputs or on models recognized as market standards (discounting of future cash flows, interpolation) for the financial instrument in question. For these instruments, the extent to which models are used and the observability of parameters have been documented.

COMPLEX INSTRUMENTS

Certain hybrid and/or long-maturity financial instruments are valued using a recognized internal model and on the basis of market inputs derived from observable data such as yield curves, implied volatility levels of options and consensus data or data obtained from active over-the-counter markets. For all of these instruments, the input has been demonstrated to be observable. In terms of methodology, the observability of inputs is based on four key criteria:

- they are derived from external sources (via a recognized contributor if possible);
- they are updated periodically;
- they are based on recent transactions;
- their characteristics are identical to those of the transaction concerned.

The profit generated on trading these instruments is immediately recognized as income.

The fair value of instruments obtained using valuation models is adjusted in order to take into account counterparty, model and parameter risks.

Over-the-counter instruments valued using unrecognized models or largely non-observable inputs (Level 3)

When the valuations obtained do not rely either on observable inputs or on models recognized as market standards, the valuation obtained will be regarded as non-observable.

Instruments valued using special models or unobservable inputs notably include:

- multi-asset equity structured products, options on funds, hybrid fixed-income products, securitization swaps, structured credit derivatives, and fixed-income option products;
- most securitization-based instruments: securitized issues for which there are no prices quoted 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).

Recognition of Day one profit

Day one profit generated upon initial recognition of a financial instrument cannot be recognized in income 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 solely on observable market inputs.

Valuation models used to price some structured products that often involve tailor-made solutions may use inputs that are partially non-observable in active markets. On initial recognition of these instruments, the transaction price is deemed to reflect the market price, and the profit generated at inception (day one profit) is deferred and taken to income over the period during which the valuation inputs are expected to remain non-observable. When these inputs 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 income.

Special cases

FAIR VALUE OF FINANCIAL INSTRUMENTS RECOGNIZED AT AMORTIZED COST

Financial instruments not carried at fair value on the balance sheet are measured using best-estimate models incorporating certain assumptions at 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 not material during the period;
- short-term financial assets and liabilities (whose initial term is one year or less) to the extent that sensitivity to interest-rate and credit risk is not material during the period;
- demand liabilities;
- transactions in a regulated market (particularly regulated savings products), whose prices are set by the public authorities.

FAIR VALUE OF THE LOAN PORTFOLIO

The fair value of loans is determined using internal valuation models that discount future payments of recoverable capital and interest over the remaining loan term, at the interest rate at which loans are produced in the given month, for loans in the same category and with the same maturities. Early repayment options are factored into the model via an adjustment to loan repayment schedules.

FAIR VALUE OF DEBT

The fair value of fixed-rate debt owed to credit institutions and customers with a term of over one year is deemed to be equal to the present value of future cash flows discounted at the market rate of interest at the balance sheet date.

4.1.7 Impairment of financial assets

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 loss events having occurred since the initial recognition of the asset. A loss event is defined as one that has an impact on the estimated future cash flows of a financial asset and that can be reliably estimated. Different rules are used for the impairment of equity instruments and debt instruments. For equity instruments, a long-term or significant decrease in value represents objective evidence of impairment.

Given the clarifications provided by IFRIC in July 2009 and the recommendations issued by the stock market regulators, the Group has been prompted to revise the criteria making it possible to characterize the impairment situations for listed equity instruments.

A decline of over 50% or lasting for over 24 months in the value of a security by comparison with its historical cost now characterizes impairment, leading to the recognition of a loss.

In addition, these impairment criteria are also supplemented by a line-by-line review of the assets that have recorded a decline of over 30% or for more than 6 months in their value by comparison with their historical cost or if events occur liable to represent a material or prolonged decline. 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.

For unlisted equity instruments, a qualitative analysis of their situation is carried out using the valuation techniques described in note 4.1.6.

Impairment losses recognized on equity instruments may not be reversed and nor may they be written back to income. They are recorded in "Net gains or losses 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 debt 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.

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".

Loan impairment

IAS 39 defines the methods for calculating and recognizing impairment of loans.

A loan or receivable is deemed to be impaired if the following two conditions are met:

- there is objective evidence of impairment on an individual or portfolio basis: there are triggering events or loss events identifying counterparty risk occurring after the initial recognition of the loans in question;
- these events generate incurred losses on estimated future cash flows for loans and the measurement of these losses should be reliable.

Impairment is determined as the difference between the amortized cost and the recoverable amount, *i.e.*, the present value of estimated future cash flows recoverable taking into account the impact of any collateral. For short-term assets (maturity of less than 1 year), there is no discounting of future cash flows. Impairment is determined globally, without distinguishing between interest and principal. Probable losses arising from off-balance sheet commitments are taken into account through provisions recognized on the liability side of the balance sheet.

Two types of impairment are recognized under cost of risk:

- impairment on an individual basis;
- impairment on a portfolio basis.

IMPAIRMENT ON AN INDIVIDUAL BASIS

Specific impairment is calculated for each receivable on the basis of the maturity schedules determined based on historic recoveries for each category of receivable. Collateral is taken into account when determining the amount of impairment, and when collateral fully covers the risk of default, the receivable is no longer impaired.

IMPAIRMENT ON A PORTFOLIO BASIS

Impairment on a portfolio basis covers the unknown risks on an individual basis. The asset is included in a group of financial assets with similar credit risk characteristics and collectively assessed for impairment in accordance with IAS 39. The methods used to calculate impairment on the basis of the Banque Populaire banks and Caisses d'Epargne portfolios will be harmonized during 2010.

The calculation methods used by Banque Populaire banks are based to a great extent on the standard for measuring risks implemented under the Basel II reform applied to a group of three portfolios (individuals/professionals/corporate) and three types of risks (pre-nonperforming/default not classified as nonperforming/sector). The breakdown by portfolio follows the segmentation authorized under the Basel II standard and performing loans are grouped in portfolios of homogeneous risks.

The portfolios of homogeneous assets were thus constructed based on two key features:

- loan risks classified in the first two risk classes with a high probability of default: these loans, identified in the management systems by means of a special rating, show objective evidence of impairment, most commonly the presence of an unpaid maturity;
- sector and geographic risks determined based on the combination of quantitative and qualitative criteria: sectors of activity and countries are analyzed and monitored in detail in order to identify objective evidence of impairment. Objective evidence of impairment typically arises from a combination of micro or macroeconomic factors specific to the industry or country.

When a group of homogeneous financial assets is found to be impaired, the impairment loss is calculated based on expected losses on the loans comprising the group in accordance with the Basel II ratio models.

For the Caisses d'Epargne, 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 based on historical data. This analysis is supplemented, as needs be, by the use of external 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 across the identified population. The probability of default is calculated up to maturity.

The opinion of an expert is sought in order to adjust the results of this calculation to the Group's actual risks.

The impairment charge is recognized as an adjustment to the balance sheet line on which the impaired asset was originally presented to show the asset at its net value.

4.1.8 Reclassifications 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) to other categories:

- reclassification of financial assets held for trading into the "Available-for-sale financial assets" or "Held-to-maturity financial assets" categories.

  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 to the "Held-to-maturity financial assets" category. The institution 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 "Loans and receivables" category.

  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 at the reclassification date, with this value serving as the new amortized cost for instruments transferred to categories measured at amortized cost.

A new effective interest rate is then calculated at the reclassification date in order to bring this new amortized cost into 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 gains or losses directly in equity at the reclassification date and taken to the income statement on an actuarial basis.

In the event of impairment subsequent to the reclassification date of an instrument previously recorded under available-for-sale financial assets, the unrealized loss recorded under gains or losses directly in equity at the reclassification date and taken to the income statement on an actuarial basis is immediately written back to income.

4.1.9 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 have expired 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 of 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 on the balance sheet to the extent of the Group's continuing involvement. The Group derecognizes a financial liability (or a part of a financial liability) only 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 represents a financial liability recorded at amortized cost, not at fair value.

The assets received are not recognized in the assignee's books, but a receivable is recorded with respect to the assignor representing the funds lent. The amount disbursed in respect of the asset is recognized under "Securities bought 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 purchaser recognizes the nominal value of the receivable under "Loans and receivables".

Securities lending

Securities lending/borrowing transactions do not qualify as transfers of financial assets within the meaning of IFRS. Accordingly, the securities loaned are not derecognized. Instead, they are recognized in their original category and measured accordingly. Borrowed securities are not recognized in the borrower's balance sheet.

4.2 INVESTMENT PROPERTY

In accordance with IAS 40, 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 4.3) 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 income. Fair value is calculated using a multi-criteria approach, by capitalizing rent at market interest rates and through comparisons with market transactions.

The fair value of the Group's investment property is based on regular expert appraisals, except in special cases significantly affecting the value of the relevant asset.

Investment property leased under an operating lease may have a residual value that will reduce the depreciable amount of the asset. Gains or losses on the disposal of investment property are recognized in income on the "Net income or expenses on other activities" line.

4.3 PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

This item includes owner-occupied property, equipment owned and used in the business, equipment acquired under operating leases, property acquired under finance leases and assets temporarily unlet held under finance leases. Interests in non-trading real estate companies (SCIs) are accounted for as property, plant and equipment.

In accordance with IAS 16 and IAS 38, property, plant and equipment and intangible assets are recognized as assets only if they meet the following conditions:

- it is probable that future economic benefits associated with the asset will flow to the enterprise;
- the cost of the asset can be measured reliably.

Property, plant and equipment and intangible assets used in operations are initially recognized at cost plus any directly attributable acquisition costs. Software developed internally that fulfills the criteria for recognition as a non-current 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.

After initial recognition, property, plant and equipment and intangible assets are measured at cost less any accumulated depreciation, amortization or impairment. The depreciable amount of the asset takes account of its residual value where this is material and can be measured reliably.

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 60 years;
- internal 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.

Other items of property, plant and equipment are depreciated over their estimated useful life, which generally ranges from five to ten years.

Property, plant and equipment and intangible assets are tested for impairment whenever there is any evidence that they may be impaired at the balance sheet date. If the revised recoverable amount of the asset is lower than its carrying amount, an impairment loss is recognized in income.

This loss is reversed in the event of a change in the estimated recoverable amount or if there is no longer any evidence of impairment.

The accounting treatment adopted for property, plant and equipment and intangible assets used in operations and financed using finance leases is stated in note 4.9.

Equipment leased under operating leases (Group as lessor) is recognized as an asset on the balance sheet under property, plant and equipment.

4.4 ASSETS HELD FOR SALE AND ASSOCIATED LIABILITIES

Where a decision is made to sell non-current assets and it is highly probable that the sale will occur within 12 months, these assets are shown separately on the balance sheet on the "Non-current assets held for sale" line. Any liabilities associated with these assets are also shown separately on the balance sheet on the "Liabilities associated with non-current assets held for sale" line.

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.

4.5 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 recognized only 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 at the balance sheet date. Provisions are discounted when the impact of discounting is material.

Additions to and reversals of provisions are recognized on the income statement on the line corresponding to the type of future expense for which the provision was set aside.

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 fixed 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 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.

The respective models used by the Banque Populaire banks and Caisses d'Epargne will be harmonized during 2010.

These provisions are recognized under liabilities on the balance sheet and changes are recorded in net interest income.

4.6 INTEREST INCOME AND EXPENSE

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 partners, are treated as additional interest.

4.7 COMMISSION ON SERVICES

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 deferred 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 income when the service is provided (fund transfers, payment penalties, etc.);
- commissions payable on execution of a significant transaction are recognized in full in income on completion of the transaction. Fees and commissions that are an integral part of the effective yield on an instrument such as loan commitment or origination fees are recognized and amortized as an adjustment to the effective interest rate over the estimated term of the loan. Accordingly, these fees are recognized as interest income rather than "Fee and commission income".

Fiduciary and similar fees and commissions are those that result in assets being held or invested on behalf of individual customers, pension schemes or other institutions. Trust-management services mainly cover asset-management business and custody services on behalf of third parties.

4.8 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 denominated in foreign currencies are translated into the functional currency of the Group entity on whose balance sheet they are recognized, at the exchange rate ruling at the balance sheet date. All resulting foreign exchange gains and losses are recognized in income, except in the following two cases.

- only the portion of the foreign exchange gains and losses calculated based on the amortized cost of available-for-sale financial assets is recognized in income, with any additional gains and losses being recognized in equity;
- foreign exchange gains and losses 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 ruling at the transaction date, while non-monetary assets measured at fair value are translated using the exchange rate ruling at the balance sheet date. Foreign exchange gains and losses 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.

4.9 FINANCE LEASES AND RELATED ITEMS

Leases are analyzed to determine whether in substance and economic reality they are finance leases or operating leases.

4.9.1 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.

IAS 17 gives five examples of situations that lead to a lease being classified as a finance lease:

- the lease transfers ownership of the asset to the lessee at the end of the lease term;
- the lessee has the option to purchase the asset at a price that is expected to be sufficiently below the fair value at the date the option becomes exercisable for it to be reasonably certain, at the inception of the lease, that the option will be exercised;
- the lease term covers the major part of the asset's economic life;
- at the inception of the lease, the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset;
- the leased assets are of such a specialized nature that only the lessee can use them without major modifications.

IAS 17 also describes three indicators that may also lead to a lease being classified as a finance lease:

- if the lessee can cancel the lease, the lessor's losses associated with the cancellation are borne by the lessee;
- gains or losses from the change in residual fair value accrue to the lessee;
- the lessee has the ability to continue the lease for a secondary period at a rent that is substantially lower than the market rent.

At the inception of the contract, the finance lease receivable is recorded on the lessor's balance sheet in an amount equal to the net investment in the lease, which corresponds to the minimum payments receivable from the lessee discounted at the interest rate implicit in the lease plus any unguaranteed residual value accruing to the lessor.

IAS 17 requires unguaranteed residual values to be reviewed on a regular basis. If there is a reduction in the estimated unguaranteed residual value, the income allocation over the lease term is revised (calculation of a new payment table).

Any reduction in respect of amounts accrued is recognized immediately in income and any reduction in respect of future amounts is recognized by revising the interest rate implicit in the lease.

Impairment charges for finance leases are determined using the same method as that described for loans and receivables.

Finance income corresponding to interest is recognized in the income statement under "Interest and similar income". It is recognized based on a pattern reflecting a constant period rate of return on the net investment in the finance lease, using the interest rate implicit in the lease. The rate of return implicit in the lease is the discount rate that makes the following two items equal:

- the aggregate present value of minimum lease payments receivable by the lessor, plus the unguaranteed residual value; and
- the initial value of the asset (*i.e.* fair value at the inception of the lease, plus any direct initial costs comprising expenses incurred specifically by the lessor to set up the lease). In the lessee's financial statements, finance leases with purchase options are treated as the purchase of an asset financed by a loan.

4.9.2 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.

The leased asset is not recognized on the balance sheet of the lessee. Lease payments are recognized in income on a straight-line basis over the lease term.

4.10 EMPLOYEE BENEFITS

The Group grants its employees a variety of benefits that fall into the four categories described below:

4.10.1 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 at the balance sheet date.

4.10.2 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 notably comprise long service awards to employees.

These benefit obligations are provided for based on the value of the obligations at the balance sheet date.

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).

4.10.3 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.

4.10.4 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. The same method as described for long-term benefits is used to assess these obligations.

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 from changes in actuarial assumptions (early retirement, discount rate, etc.) or experience adjustments (return on plan assets, etc.) are amortized 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.

4.11 SHARE-BASED PAYMENTS

Share-based payments are those 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 cost to the Group is calculated on the basis of the fair value at 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 unit 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 income 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 under equity-settled plans is an increase in equity.

The Group recognizes a liability for cash-settled plans. The related cost is taken to income over the vesting period and a corresponding fair value adjustment is booked to a debt account.

4.12 DEFERRED TAXES

Deferred taxes are recognized when temporary differences arise between the carrying amount of assets and liabilities on the balance sheet and their tax base.

Deferred taxes are calculated using 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 tax entity. The tax entity may either be a single entity or a tax consolidation group. Deferred tax assets are recognized only 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 a tax benefit or expense in the income statement, except for:

- unrealized gains or losses on available-for-sale assets; and
- changes in the fair value of derivatives used as cash flow hedges, for which the corresponding deferred taxes are recognized as unrealized gains and losses directly in equity.

Deferred taxes are not discounted to their present value.

4.13 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 of 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 of 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 where it results from changes in the value of available-for-sale financial assets and to income where it arises from 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 in income.

4.14 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 at 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 recognized only to the extent of costs incurred as revenue that are expected to be fully recoverable.

Operating income includes 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 included in inventories 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.

Note 5 Notes to the 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, at their date of acquisition or issue, using the fair value option available under IAS 39.

5.1.1 Financial assets at fair value through profit or loss

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.

	12/31/2009			12/31/2008, pro forma		
in millions of euros	Trading book	Fair value option	Total	Trading book	Fair value option	Total
Treasury bills and similar securities	25,835	558	26,393	21,115	720	21,835
Bonds and other fixed-income securities	20,213	5,923	26,136	32,834	15,566	48,400
Fixed-income securities	**46,048**	**6,481**	**52,529**	**53,949**	**16,286**	**70,235**
Equities and other variable-income securities	**14,808**	**11,342**	**26,150**	**17,601**	**11,971**	**29,572**
Loans to credit institutions	984	264	1,248	1,109	181	1,290
Loans to customers	803	9,392	10,195	2,028	8,869	10,896
Loans	**1,787**	**9,656**	**11,443**	**3,137**	**9,050**	**12,187**
Repurchase agreements	**0**	**10,975**	**10,975**	**0**	**10,752**	**10,752**
Trading derivatives	**93,616**		**93,616**	**181,984**		**181,984**
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	**156,259**	**38,454**	**194,713**	**256,671**	**48,059**	**304,730**

Conditions for designating financial assets 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	1,760	3,634	1,087	**6,481**
Equities and other variable-income securities	8,392	2,950	0	**11,342**
Loans and repurchase agreements	479	11,886	8,266	**20,631**
TOTAL	**10,631**	**18,470**	**9,353**	**38,454**

Financial assets accounted for under the fair value option mainly concern assets containing embedded derivatives, such as certain structured loans to local authorities, structured bonds hedged by a derivative 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 assets and liabilities perceived as having an 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

	12/31/2009	
in millions of euros	Exposure to credit risk	Change in fair value attributable to credit risk
Loans to credit institutions	264	0
Loans to customers	9,392	0
TOTAL	**9,656**	**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 assets at fair value through profit or loss

Financial liabilities in the trading portfolio include liabilities arising from short-selling transactions, repurchase agreements and derivative instruments.

in millions of euros	12/31/2009	12/31/2008, pro forma
Repurchase agreements	25,505	23,899
Other financial liabilities	3,845	4,299
Financial liabilities held for trading	**29,350**	**28,198**
Trading derivatives	**98,468**	**179,745**
Interbank term accounts and loans	378	685
Customer term accounts and loans	2,157	3,293
Debt securities	46,268	55,566
Subordinated debt	72	66
Repurchase agreements	6,316	6,299
Other financial liabilities	58	24
Financial liabilities designated at fair value	**55,249**	**65,933**
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	**183,067**	**273,876**

Conditions for designating financial liabilities 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	378	0	0	**378**
Customer term accounts and loans	1,760	307	90	**2,157**
Debt securities	37,667	2,879	5,722	**46,268**
Subordinated debt	0	0	72	**72**
Repurchase agreements	0	6,368	6	**6,374**
TOTAL	**39,805**	**9,554**	**5,890**	**55,249**

Financial liabilities accounted for under the fair value option mainly consist of structured debt issues and structured deposits containing embedded derivatives (*e.g.*, equities for personal savings plans and structured medium-term notes). 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 assets and liabilities perceived as having an 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

	12/31/2009			
in millions of euros	Fair value	Contractual amount due at maturity	Difference	Difference attributable to credit risk
Interbank term accounts and loans	378	378	0	0
Customer term accounts and loans	2,157	2,174	(17)	0
Debt securities	46,268	40,198	6,070	(543)
Subordinated debt	72	100	(28)	0
Repurchase agreements	6,374	6,229	145	0
TOTAL	**55,249**	**49,079**	**6,170**	**(543)**

The amount contractually due on loans upon maturity includes the outstanding amount of the principal at the balance sheet date plus the accrued interest not yet due. In the case of securities, the redemption value is generally used.

The changes attributable to own credit risk (valuation of the issuer spread) amounted to €543 million, including a negative impact on net banking income for the period of €277 million.

5.1.3 Trading derivatives

The notional amounts of derivative instruments are merely an indication of the volume of the Group's business in financial instruments, 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.

	12/31/2009			12/31/2008, pro forma		
in millions of euros	Notional	Positive fair value	Negative fair value	Notional	Positive fair value	Negative fair value
Interest-rate instruments	4,122,305	60,350	63,481	4,940,248	96,733	99,185
Equity instruments	6,226	21	103	3,266	24	31
Foreign exchange instruments	464,895	7,657	6,867	608,154	16,863	18,025
Other instruments	223,935	263	57	164,923	171	2,444
Futures and forwards	**4,817,361**	**68,291**	**70,508**	**5,716,591**	**113,791**	**119,685**
Interest-rate instruments	1,348,441	954	2,320	1,441,676	2,462	2,867
Equity instruments	24,839	4,167	3,645	84,492	6,596	4,681
Foreign exchange instruments	146,656	292	491	166,659	3,010	3,266
Other instruments	692,689	90	87	46,453	3,319	730
Options	**2,212,625**	**5,503**	**6,543**	**1,739,280**	**15,387**	**11,544**
Credit derivatives	**1,376,829**	**19,822**	**21,417**	**847,262**	**52,806**	**48,516**
TOTAL TRADING DERIVATIVES	**8,406,815**	**93,616**	**98,468**	**8,303,133**	**181,984**	**179,745**

5.2 HEDGING DERIVATIVES

Hedging derivatives

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, securities, deposits and subordinated debt.

Fair value hedging is also used to manage their overall interest rate risk position.

Cash flow hedges are used to set or limit changes in cash flows associated with instruments that bear interest at floating rates. They are also used to protect floating-rate loans and deposits as well as fixed-rate futures transactions.

Cash flow hedges are also used to manage overall interest rate risk.

	12/31/2009			12/31/2008, pro forma		
in millions of euros	Notional	Positive fair value	Negative fair value	Notional	Positive fair value	Negative fair value
Interest-rate instruments	542,147	5,277	3,017	427,532	3,083	3,083
Foreign exchange instruments	18,000	757	1,357	25,110	1,508	2,720
Other instruments						
Futures and forwards	**560,147**	**6,034**	**4,374**	**452,642**	**4,591**	**5,803**
Interest-rate instruments	5,551	155		5,312	141	
Options	**5,551**	**155**		**5,312**	**141**	
FAIR VALUE HEDGES	**565,698**	**6,189**	**4,374**	**457,954**	**4,732**	**5,803**
Interest-rate instruments	13,950	127	270	50,916	515	411
Foreign exchange instruments	338		3	184	17	
Futures and forwards	**14,288**	**127**	**273**	**51,100**	**532**	**411**
Interest-rate instruments	70			85	1	
Options	**70**			**85**	**1**	
CASH FLOW HEDGES	**14,358**	**127**	**273**	**51,185**	**533**	**411**
CREDIT DERIVATIVES	**3,333**	**165**	**1**	**1,822**	**137**	**1**
TOTAL TRADING DERIVATIVES	**583,389**	**6,481**	**4,648**	**510,961**	**5,402**	**6,215**

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, and loans and receivables.

in millions of euros	12/31/2009	12/31/2008, pro forma
Treasury bills and similar securities	1,754	2,126
Bonds and other fixed-income securities	48,660	42,771
Fixed-income securities	**50,414**	**44,897**
Equities and other variable-income securities	**17,206**	**15,503**
Loans to credit institutions	8	5
Loans to customers	60	78
Loans	**68**	**83**
Doubtful loans and receivables	**812**	**596**
AVAILABLE-FOR-SALE FINANCIAL ASSETS, GROSS	**68,500**	**61,079**
Impairment of doubtful loans and receivables	(446)	(419)
Permanent impairment of equities and other variable-income securities	(2,201)	(1,355)
TOTAL AVAILABLE-FOR-SALE FINANCIAL ASSETS	**65,853**	**59,305**

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 50% or for over a 24-month period constitutes evidence of impairment.

5.4 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

5.4.1 Fair value hierarchy

The following table provides a breakdown of financial instruments by type of price and valuation model:

	12/31/2009			
in millions of euros	Price quoted in an active market (Level 1)	Measurement techniques using observable data (Level 2)	Measurement techniques using non-observable data (Level 3)	Total
Financial assets				
Securities	40,618	11,495	8,743	60,856
Derivatives	2,206	88,145	3,625	93,616
Other financial assets	14	1,773		1,787
Financial assets held for trading	**42,838**	**101,413**	**12,008**	**156,259**
Securities	10,027	6,546	1,250	17,823
Other financial assets	333	19,487	811	20,631
Financial assets designated at fair value through profit or loss	**10,360**	**26,033**	**2,061**	**38,454**
Hedging derivatives		**6,298**	**183**	**6,481**
Investments in unconsolidated subsidiaries and affiliates	1,026	611	2,317	3,954
Other securities	51,003	8,072	2,724	61,799
Other financial assets	17	28	55	100
Available-for-sale financial assets	**52,046**	**8,711**	**5,096**	**65,853**
Financial liabilities				
Securities	24,688	1,590	671	26,949
Derivatives	4,674	92,381	813	98,468
Other financial liabilities	3	2,398		2,401
Financial liabilities held for trading	**29,365**	**96,969**	**1,484**	**127,818**
Other financial liabilities		6,275		6,275
Securities		48,781	193	48,974
Financial liabilities designated at fair value through profit or loss		**55,056**	**193**	**55,249**
Hedging derivatives		**4,564**	**84**	**4,648**

At December 31, 2009, the financial assets and liabilities shown in Level 3 of the fair value hierarchy notably include instruments adversely affected by the financial crisis that were not reclassified in the "Loans and receivables" category under the arrangements provided for in the amended IAS 39 dated October 13, 2008.

This notably concerns the following financial instruments held by the Natixis group:

Subprime ABS CDO portfolios:

In the absence of observable market inputs, ABS CDO portfolios with subprime exposure held directly by the Natixis group were valued based on a projection of the losses to completion. At December 31, 2009, an identical cash flow model to that adopted for the US RMBS positions held directly was used for the US RMBS underlying the ABS CDOs.

Cumulative loss rates used (sub-prime)	12/31/2009
Vintages prior to 2005	4.8%
2005 Vintage	14.8%
2006 Vintage	27.5%
2007 Vintage	42.6%

The following assumptions applied at prior balance sheet dates were maintained:

- taking into account the CCC (or lower) rating of collateral assets by assigning a discount of 97% to these underlyings. For simple securitizations (*i.e.*, excluding Commercial Real Estate CDOs – CRE CDOs, ABS CDOs, ABS CDO Mezzanine for which the 97% discount is retained), the size of this discount was cut to 70% for underlying assets initially rated AAA;
- valuation of non-subprime underlying assets (excluding US RMBSs) held in the structures based on a discounting grid including type, rating and vintage of the transactions.

In addition, it applied a discount for transparency consisting of valuing each tranche of structures in which the Group holds the underlying assets by marking it to market or to the appropriate model.

CDSs entered into with monoline insurers and CDPCs

Transactions with monoline insurers entered into in the form of CDSs by the Natixis group were written down further during the fiscal year owing principally to the downgrading of these counterparties and the widening of the spreads on the underlying assets. These write-downs were determined by applying a uniform rate of recovery of 10% to the underlying assets and a probability of default reflecting the credit risk of the insurer to the unrealized capital losses of the underlying assets insured.

For credit derivatives entered into with CDPCs (Credit Derivatives Product Companies), the probabilities of default were assessed by reviewing portfolios for transparency. The historic average probability of default at maturity for underlying assets was stressed by a factor of 1.3x, taking into account a recovery rate of 20%. The write-downs determined using this method were supplemented by a general provision to reflect the volatility of transactions and the risk of future cash flows being accelerated.

Portfolios of US RMBS, including subprime RMBS

The valuation model applied for non-Agency US RMBSs applied to US RMBS portfolios held by the Natixis group is predicated on a final loss level specific to each RMBS resulting from calculations taking into account cumulative losses at maturity and the defaults recognized. Unrealized capital gains are determined by projecting the final losses based on estimated losses at this date, which in turn result from the delinquency pipeline, the severity of the losses given default and realized losses based on the vintages and assets of the pools.

European RMBSs

The valuation model used for European RMBSs held by the Natixis group consists in calculating 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.

Other instruments

The valuations of the following types of assets held by the Natixis group resulting from securitization transactions for which no price could be identified in the market were performed on the basis of the specific valuation models described below:

For CDOs of asset-backed securities not exposed to the US housing market, a scoring model for structures assigning a level of risk to each on the basis of selective criteria.

For securitizations of the commercial real estate portfolio (Commercial Real Estate -- CRE CDOs and Commercial Mortgage Backed Securities -- CMBSs), a credit stress test was performed based on a valuation model based on projected future cash flows as a function of loss rates per structure (loss rate determined based on that of the underlying loans). Monoline insurance for the structures covered was taken into account by including in the valuation the probability of default for monolines and their loss rate in the event of default. A minimum price was used along with coupon flow estimates taking into account the current rating of structures (3% for the CRE CDOs and CMBS rated AAA and 5% for the other CMBSs).

For Trups CDOs (Trust Preferred Securities), a stress-testing approach was applied using a valuation model based on forecast future cash flows and cumulative 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 features and credit risk, taking stress parameters into account, including the average annual default rate set at 30%, the collection rate set at 65% and the default distribution factor set at 0.8x.

5.4.2 Analysis of assets and liabilities classified in Level 3 of the fair value hierarchy

		Gains and losses recognized during the period						
in millions of euros	01/01/2009	On the income statement	Directly in equity	Purchases/ Issues	Sales/ Redemptions	Reclassifications from and to Levels 1 and 2	Other changes	12/31/2009
Financial assets								
Securities	2,714	(876)		1,591	(324)	101	5,537	8,743
Derivatives	57	(1,132)		367	(116)	(34)	4,123	3,265
Other financial assets								
Financial assets held for trading	**2,771**	**(2,008)**		**1,958**	**(440)**	**(67)**	**9,660**	**12,008**
Securities	1,301	95		3	(284)	(308)	443	1,250
Other financial assets	848	18		138	(262)		69	811
Financial assets designated at fair value through profit or loss	**2,149**	**113**		**141**	**(546)**	**(308)**	**512**	**2,061**
Hedging derivatives	**166**	**31**					**(14)**	**183**
Investments in unconsolidated subsidiaries and affiliates	1,432	30	62	229	(230)	(14)	808	2,317
Other securities	2,968	361	(30)	415	(1,462)	(421)	893	2,724
Other financial assets	31	(7)		7	(2)	1	25	55
Available-for-sale financial assets	**4,431**	**384**	**32**	**651**	**(1,694)**	**(434)**	**1,726**	**5,096**
Financial liabilities								
Securities	2,006	22					(1,721)	671
Derivatives	3	735		364	43	24	8	**813**
Other financial liabilities								
Financial liabilities held for trading	**2,009**	**757**		**364**	**(43)**	**24**	**(1,713)**	**1,484**
Securities	295	(32)				(93)	23	193
Other financial liabilities								
Financial liabilities designated at fair value through profit or loss	**295**	**(32)**				**(93)**	**23**	**193**
Hedging derivatives	**99**	**7**					**(22)**	**84**

5.4.3 Sensitivity of Level 3 assets and liabilities to changes in the principal assumptions

All the financial assets and liabilities held for trading and a majority of the other financial instruments classified by the Group in Level 3 of the fair value hierarchy are held by the Natixis group.

An analysis of the sensitivity of the financial instruments held by Natixis and classified in Level 3 of the fair value hierarchy was conducted at December 31, 2009.

Based on the assumptions adopted:

- a normalized change in non-observable inputs conducted based on the standard deviation in the consensus pricing mechanism used to assess inputs (TOTEM) would lead to a change in the fair value of the fixed-income and equity instruments of +/- €12 million;

- a flat-rate change of 10% in the loss rate on the ABS CDO underlyings or of 1% for the CMBS and CLO underlyings would lead to a change in fair value of +/- €116 million.

5.5 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.

5.5.1 Loans and receivables due from credit institutions

in millions of euros	12/31/2009	12/31/2008, pro forma
Performing loans and receivables	146,435	155,091
Impairment on a portfolio basis	(50)	(47)
NET PERFORMING LOANS AND RECEIVABLES	**146,385**	**155,044**
Doubtful loans and receivables	405	609
Specific impairment	(342)	(383)
NET DOUBTFUL LOANS AND RECEIVABLES	**63**	**226**
TOTAL LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS	**146,448**	**155,270**

The fair value of loans and receivables due from credit institutions was €145,855 million at December 31, 2009.

Breakdown of performing loans and receivables due from credit institutions

in millions of euros	12/31/2009	12/31/2008, pro forma
Current accounts with overdrafts	91,161	101,732
Repurchase agreements	31,571	28,213
Loans and advances	19,068	20,873
Finance leases	10	38
Subordinated and participating loans	675	742
Securities classified as loans and receivables	3,950	3,493
TOTAL PERFORMING LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS	**146,435**	**155,091**

Deposits on Livret A and LDD passbook accounts are centralized in Caisse des Dépôts and were €72,626 million at December 31, 2009.

5.5.2 Loans and advances to customers

in millions of euros	12/31/2009	12/31/2008, pro forma
Performing loans and receivables	509,443	508,991
Impairment on a portfolio basis	(2,252)	(2,101)
NET PERFORMING LOANS AND RECEIVABLES	**507,191**	**506,890**
Doubtful loans and receivables	18,858	12,455
Specific impairment	(8,609)	(6,982)
NET DOUBTFUL LOANS AND RECEIVABLES	**10,249**	**5,473**
TOTAL LOANS AND ADVANCES DUE FROM CUSTOMERS	**517,440**	**512,363**

The fair value of loans and receivables due from customers was €518,905 million at December 31, 2009.

Breakdown of performing loans and receivables due from customers

in millions of euros	12/31/2009	12/31/2008, pro forma
Current accounts in debit	**13,685**	**16,313**
Loans to financial institutions	6,153	6,488
Short-term credit facilities	58,903	65,176
Equipment loans	109,191	101,795
Home loans	209,673	200,883
Export credits	2,694	2,422
Other	27,003	30,077
Repurchase agreements	13,621	12,766
Subordinated loans	576	553
Other customer loans	**427,814**	**420,160**
Securities classified as loans and receivables	44,702	49,199
Other loans and advances to customers	23,242	23,319
TOTAL PERFORMING LOANS AND ADVANCES DUE FROM CUSTOMERS	**509,443**	**508,991**

5.6 RECLASSIFICATIONS OF FINANCIAL ASSETS

Portfolio of reclassified financial assets

In application of the amendments to IAS 39 and IFRS 7 "Reclassification of financial assets", the Group reclassified some of its financial assets with the characteristics stated in these amendments:

- financial assets recorded in the trading portfolio or available for sale, meeting 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.

Most of the assets reclassified during the second half of 2008 were securitization outstandings (US and European RMBS), bonds, and securities issued by the international public sector. These reclassifications are summarized in the table shown below:

in millions of euros	12/31/2009	
	Carrying amount	Fair value
Assets reclassified in 2008 to the category		
Available-for-sale financial assets	369	369
Loans and receivables	22,707	21,462
TOTAL SECURITIES RECLASSIFIED IN 2008	**23,076**	**21,831**
TOTAL SECURITIES RECLASSIFIED IN 2009	**0**	**0**
TOTAL RECLASSIFIED SECURITIES	**23,076**	**21,831**

Gains and losses related to reclassified financial assets and those that would have been recognized had the reclassifications not been made

	2009
Net income for the period for reclassified assets	
• Recognized in cost of risk	(419)
• Recognized in gains and losses recognized directly in equity	6
Change in the fair value	
• That would have been recognized in income if the securities had not been reclassified	(621)
• That would have been recognized in gains and losses recognized directly in equity if the securities had not been reclassified	(110)

5.7 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 and, more particularly, fixed-income securities representing insurance company investments.

in millions of euros	12/31/2009	12/31/2008, pro forma
Treasury bills and similar securities	2,185	1,781
Bonds and other fixed-income securities	6,667	7,386
Gross amount of held-to-maturity financial assets	**8,852**	**9,167**
Impairment	(1)	0
TOTAL HELD-TO-MATURITY FINANCIAL ASSETS	**8,851**	**9,167**

The fair value of held-to-maturity financial assets was €9,133 million at December 31, 2009.

5.8 DEFERRED TAXES

Analysis of deferred tax assets and liabilities by type

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	12/31/2009
Unrealized gains on mutual funds	(11)
Fiscal EIGs	(467)
Provisions for employee benefit obligations	525
Provisions for home savings products	262
Other non-deductible provisions	1,688
Other sources of temporary differences	444
Deferred taxes relating to temporary differences arising on the application of tax rules	**2,441**
Deferred taxes arising on the capitalization of tax loss carryforwards	**4,193**
Changes in fair value of financial instruments recorded in equity	230
Other balance sheet valuation adjustments	(333)
Deferred taxes arising on the application of IFRS-compliant measurement criteria	**(103)**
Deferred taxes on consolidation adjustments and eliminations	**(312)**
Unrecognized deferred taxes	**(1,646)**
Net deferred tax assets	**4,573**
Deferred taxes recognized:	
As assets on the balance sheet	5,464
As liabilities on the balance sheet	891

5.9 ACCRUED INCOME, PREPAID EXPENSES, AND OTHER ASSETS

in millions of euros	12/31/2009	12/31/2008, pro forma
Items in the course of collection	5,266	6,142
Prepaid expenses	516	466
Accrued income	1,371	1,824
Other accruals	11,271	7,942
ACCRUAL ACCOUNTS - ASSETS	**18,424**	**16,374**
Security deposits paid	1,831	3,793
Settlement accounts in debit on securities transactions	563	1,283
Reinsurers' share of technical reserves	464	521
Miscellaneous debtors	27,684	27,466
OTHER ASSETS	**30,542**	**33,063**
TOTAL ACCRUED INCOME AND OTHER ASSETS	**48,966**	**49,437**

5.10 DEFERRED PROFIT SHARING

in millions of euros	12/31/2009	12/31/2008, pro forma
Deferred policyholders' participation - assets	0	1,153
Deferred policyholders' participation - liabilities	494	4
TOTAL NET DEFERRED PROFIT SHARING	**494**	**(1,149)**
o/w deferred policyholders' participation recognized in equity	*(526)*	*629*

5.11 INVESTMENTS IN ASSOCIATES

The Group's main investments in associates are as follows:

in millions of euros	12/31/2009	12/31/2008, pro forma
Financial sector companies	**2,164**	**1,925**
CNP Assurances (group)	1,392	1,154
Volksbank International AG	298	309
Socram Banque	59	0
Investments in the Natixis group	76	126
Crédit Immobilier Hotelier	130	123
Other	209	213
Non-financial companies	**165**	**179**
Maisons France Confort P-I	97	94
Other	68	85
TOTAL INVESTMENTS IN ASSOCIATES	**2,329**	**2,104**

The financial figures published by the CNP Assurances group, the principal company accounted for as an associate under the equity method, show total assets of €301,877 million, revenues of €32,524 million and net income of €1,004 million for fiscal 2009.

in millions of euros	Total assets at 12/31/2009	Net banking income or revenues Fiscal 2009	Net income Fiscal 2009
CNP Assurances (group)	301,877	32,524	1,004

5.12 INVESTMENT PROPERTY

	12/31/2009			12/31/2008, pro forma		
in millions of euros	Cost	Accumulated depreciation and impairment	Net	Cost	Accumulated depreciation and impairment	Net
Recognized at fair value	598	0	598	662	0	662
Recognized at historical cost	2,756	(889)	1,867	2,732	(808)	1,924
TOTAL INVESTMENT PROPERTY	**3,354**	**(889)**	**2,465**	**3,394**	**(808)**	**2,586**

The fair value of investment property was €2,761 million at December 31, 2009.

The investment property, accounted for at fair value, represents insurance company investment.

5.13 PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

	12/31/2009			12/31/2008, pro forma		
in millions of euros	Cost	Accumulated depreciation and impairment	Net	Cost	Accumulated depreciation and impairment	Net
Property, plant and equipment						
• Land and buildings	3,684	(1,300)	2,384	3,497	(1,307)	2,190
• Equipment, furniture and other property, plant and equipment	7,762	(4,767)	2,995	7,381	(4,452)	2,929
TOTAL PROPERTY, PLANT AND EQUIPMENT	**11,446**	**(6,067)**	**5,379**	**10,878**	**(5,759)**	**5,119**
Intangible assets						
• Leasehold rights	613	(170)	443	541	(160)	381
• Software	1,855	(1,154)	701	1,564	(1,034)	530
• Other intangible assets	1,116	(293)	823	1,334	(219)	1,115
TOTAL INTANGIBLE ASSETS	**3,584**	**(1,617)**	**1,967**	**3,439**	**(1,413)**	**2,026**

5.14 GOODWILL

in millions of euros	2009
Net value at January 1	**7,409**
Acquisitions	39
Disposals	(468)
Translation adjustments	(22)
Impairment over the period	(1,283)
Other changes	(5)
Net value at December 31	**5,670**

At December 31, 2009, gross goodwill came to €7,239 million, with impairment totalling €1,569 million.

Breakdown of goodwill

	Carrying amount	
in millions of euros	12/31/2009	12/31/2008, pro forma
Regional banks excl. HSBC	1,215	1,547
Banque Palatine	95	177
Océor group	54	160
• *BCP Luxembourg*	*16*	*15*
• *Banque de Tahiti*	*14*	*14*
• *Banque Tuniso-Koweitienne*	*12*	*102*
• *Océorane*	*0*	*16*
• *Banque de la Réunion*	*7*	*7*
• *Banque de Nouvelle-Calédonie*	*5*	*5*
Banque BCP France	42	42
Crédit Foncier	37	30
• *Banco Primus*	*37*	*30*
Natixis	2,654	3,018
• *Savings*	*2,024*	*1,932*
• *Specialized Financial Services*	*61*	*523*
• *Coface*	*529*	*514*
• *Private equity*	*13*	*22*
• *Other*	*27*	*27*
FONCIA	694	1,122
Nexity group	869	1,237
Meilleurtaux	0	63
Other	9	13
TOTAL GOODWILL	**5,670**	**7,409**

In accordance with the applicable regulations, each goodwill item was tested for impairment, in accordance with regulations in force, based on the value in use of the business activities of the entities.

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:

	Cost of capital/ weighted average cost of capital	Long-term growth rate
SMC	9.0%	2.5%
Natixis		
• *Savings*	*9.9%*	*2.5%*
• *Specialized Financial Services*	*10.4%*	*2.5%*
• *COFACE*	*10.0%*	*2.0%*
Nexity	8.9%	2.5%
FONCIA	8.9%	2.5%

5.15 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".

5.15.1 Amounts due to credit institutions

in millions of euros	12/31/2009	12/31/2008, pro forma
Demand deposits	14,941	16,246
Repurchase agreements	2,187	1,189
Accrued interest	6	37
Amounts due to credit institutions	**17,134**	**17,472**
Term deposits and loans	69,070	79,887
Repurchase agreements	29,161	37,992
Accrued interest	365	905
Amounts due to credit institutions - repayable at agreed maturity dates	**98,596**	**118,784**
TOTAL AMOUNTS DUE TO CREDIT INSTITUTIONS	**115,730**	**136,256**

The fair value of amounts due to credit institutions was €116,551 million at December 31, 2009.

5.15.2 Amounts due to customers

in millions of euros	12/31/2009	12/31/2008, pro forma
Current accounts in credit	**96,821**	**83,161**
Livret A	78,806	80,669
PEL/CEL products	50,036	49,064
Other regulated savings accounts	73,256	73,222
Accrued interest	630	1,035
Regulated savings accounts	**202,728**	**203,990**
Demand deposits and loans	5,752	12,168
Term deposits and loans	32,906	42,248
Accrued interest	1,060	678
Other customer accounts	**39,718**	**55,094**
Demand accounts	4,327	4,400
Term accounts	21,842	22,140
Accrued interest	14	88
Repurchase agreements	**26,183**	**26,628**
Other amounts due to customers	**2,267**	**2,180**
TOTAL AMOUNTS DUE TO CUSTOMERS	**367,717**	**371,053**

Term deposits notably include €14,445 million in borrowings subscribed with the SFEF (*Société de Financement de l'Économie Française*).

The fair value of amounts due to customers was €368,128 million at December 31, 2009.

5.16 DEBT SECURITIES

Debt securities are classified based on the nature of the underlying, with the exception of subordinated notes presented under "Subordinated debt".

in millions of euros	12/31/2009	12/31/2008, pro forma
Bonds	124,755	135,505
Interbank market instruments and money market instruments	77,057	69,028
Other debt securities	0	149
TOTAL	**201,812**	**204,682**
Accrued interest	2,598	3,152
TOTAL DEBT SECURITIES	**204,410**	**207,834**

The fair value of debt securities was €206,453 million at December 31, 2009.

5.17 ACCRUED EXPENSES AND OTHER LIABILITIES

in millions of euros	12/31/2009	12/31/2008, pro forma
Items in the course of collection	4,666	7,311
Prepaid income	3,573	2,978
Accounts payable	3,031	3,220
Other accruals	8,600	4,210
Accrual accounts - liabilities	**19,870**	**17,719**
Settlement accounts in credit on securities transactions	786	2,291
Sundry payables	20,015	24,426
Other liabilities	**20,801**	**26,717**
TOTAL ACCRUED EXPENSES AND SUNDRY LIABILITIES	**40,671**	**44,436**

5.18 TECHNICAL RESERVES OF INSURANCE COMPANIES

in millions of euros	12/31/2009	12/31/2008, pro forma
Technical reserves of non-life insurance companies	**2,594**	**2,508**
Technical reserves of life insurance companies in euros	31,979	29,740
Technical reserves of insurance companies life in unit-linked accounts	6,491	5,820
Technical reserves of life insurance companies	**38,470**	**35,560**
Technical reserves of investment contracts	**15**	**32**
Deferred policyholders' participation	**494**	**4**
TOTAL TECHNICAL RESERVES OF INSURANCE COMPANIES	**41,573**	**38,104**

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 income from participating insurance contracts in the form of a cumulative amount allocated to policyholders as a class and not yet distributed to individual policyholders.

5.19 PROVISIONS

Provisions chiefly concern employee benefit obligations and risks on off-balance sheet commitments.

in millions of euros	01/01/2009	Increase	Use	Reversals unused	Other movements[(1)]	12/31/2009
Provisions for employee benefits	**1,828**	**173**	**(84)**	**(85)**	**(16)**	**1,816**
Provisions for home savings products	663	129	(31)	0	0	761
Provisions for off-balance sheet commitments	899	586	(77)	(225)	(57)	1,126
Provisions for contingencies on real estate development projects	110	24	0	(16)	(49)	69
Provisions for restructuring costs	243	123	(226)	(3)	12	149
Provisions for claims and litigation	604	247	(94)	(136)	46	667
Other	695	304	(148)	(126)	(28)	697
Other provisions	**3,214**	**1,413**	**(576)**	**(506)**	**(76)**	**3,469**
TOTAL PROVISIONS	**5,042**	**1,586**	**(660)**	**(591)**	**(92)**	**5,285**

(1) *The €-92 million in other movements included an impact of €-16 million related to the currency translation, €-22 million in changes in the scope of consolidation and €-61 million in reclassifications of provisions to impairment on the asset aside.*

5.19.1 Deposits held in regulated home savings products

in millions of euros	12/31/2009
Deposits held in PEL regulated home savings plans **For less than 4 years**	13,650
• For more than 4 years and less than 10 years	18,791
• For more than 10 years	11,142
• Deposits held in PEL regulated home savings plans	43,583
Deposits held in CEL regulated home savings accounts	**6,444**
TOTAL DEPOSITS HELD IN REGULATED HOME SAVINGS PRODUCTS	**50,027**

5.19.2 Loans granted under regulated home savings products

in millions of euros	12/31/2009
Loans granted under regulated home savings plans	741
Loans granted under regulated home savings accounts	1,373
TOTAL OUTSTANDING LOANS ON REGULATED HOME SAVINGS PRODUCTS	**2,114**

5.19.3 Provisions on regulated home savings products

in millions of euros	01/01/2009	Additions reversed	12/31/2009
Provisions on loans granted under PEL regulated home savings plans For less than 4 years	**1**	**80**	**81**
• For more than 4 years and less than 10 years	9	75	84
• For more than 10 years	440	38	478
• Provisions on loans granted under PEL regulated home savings plans	450	193	643
Provisions on loans granted under CEL regulated home savings accounts	**159**	**(75)**	**84**
Provisions for PEL regulated home savings loans	**17**	**(9)**	**8**
Provisions for CEL regulated home savings loans	37	(11)	26
Provisions on loans granted under regulated home savings products	**54**	**(20)**	**34**
TOTAL PROVISIONS ON REGULATED HOME SAVINGS PRODUCTS	**663**	**98**	**761**

At year-end 2009, the respective models used by the Banque Populaire banks and Caisses d'Epargne were not harmonized.

5.20 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.

in millions of euros	12/31/2009	12/31/2008, pro forma
Term subordinated debt	14,144	14,228
Perpetual subordinated debt	161	160
Perpetual deeply subordinated debt	0	6,517
Mutual guarantee deposits	42	44
SUB-TOTAL	**14,347**	**20,949**
Accrued interest	314	579
Gains and losses on the hedged component	320	494
TOTAL SUBORDINATED DEBT	**14,981**	**22,022**

Movements in subordinated debt during the year

	01/01/2009	Issuance	Redemption	Other movements(1)	12/31/2009
Term subordinated debt	14,228	143	(130)	(97)	14,144
Perpetual subordinated debt	160			1	161
Perpetual deeply subordinated debt	6,517	2,000	(1,226)	(7,291)	
Mutual guarantee deposits	44			(2)	42
Accrued interest	579			(265)	314
Gains and losses on the hedged component	494			(174)	320
TOTAL	**22,022**	**2,143**	**(1,356)**	**(7,828)**	**14,981**

(1) Deeply subordinated notes qualifying as equity instruments are presented in note 5.22.3.

5.21 ORDINARY SHARES AND EQUITY INSTRUMENTS ISSUED

5.21.1 Members' shares and cooperative investment certificates

At December 31, 2009, the share capital comprised:

- €4,690 million in members' shares fully subscribed by cooperative shareholders of the Banque Populaire banks and the SAS, carrying entities for the cooperative shareholders;
- €5,913 million in members' shares fully subscribed by Caisses d'Epargne local savings companies;
- €1,155 million in the Banque Populaire banks' cooperative investment certificates held by Natixis;
- €1,478 million in Caisses d'Epargne cooperative investment certificates held by Natixis;
- €180 million in mutual guarantee deposits held by mutual guarantee companies.

Additional paid-in capital broke down at December 31, 2009 as follows:

- €947 million in members' shares fully subscribed by cooperative shareholders of the Banque Populaire banks and the SAS;
- €3,267 million in members' shares subscribed by local savings companies;
- €3,281 million in Banque Populaire banks' cooperative investment certificates held by Natixis;
- €2,678 million in Caisses d'Epargne cooperative investment certificates held by Natixis.

The CIC cooperative investment certificates issued by the Banque Populaire banks and Caisses d'Epargne are eliminated from retained earnings based on the percentage owned by the Group in Natixis and in minority interests.

5.21.2 Preferred shares

The French state subscribed preferred shares issued by BPCE SA in July 2009 for a total of €3,000 million.

5.21.3 Perpetual deeply subordinated notes classified as equity

Issuing entity	Date of issuance	Currency	Amount (in original currency)	Date of the 1st redemption option	Date of interest step-up	Rate	12/31/2009 *(in millions of euros)* Nominal
BPCE	November 26, 2003	EUR	800 million	July 30, 2014	July 30, 2014	5.25%	800
BPCE	July 30, 2004	USD	200 million	March 31, 2010	none	Min (10-year CMT + 0.3%; 9%)	137
BPCE	October 6, 2004	EUR	700 million	July 30, 2015	July 30, 2015	4.63%	700
BPCE	October 12, 2004	EUR	80 million	January 12, 2010	none	Min (3-m Euribor; 7%)	80
BPCE	January 27, 2006	USD	300 million	January 27, 2012	none	6.75%	205
BPCE	February 1, 2006	EUR	350 million	February 1, 2016	none	4.75%	350
BPCE	October 30, 2007	EUR	850 million	October 30, 2017	October 30, 2017	6.12%	850
BPCE	December 11, 2008	EUR	1,100 million	December 11, 2013	none	8.49%	1,100
BPCE	December 11, 2008	EUR	200 million	December 11, 2013	none	8.49%	200
BPCE	June 26, 2009	EUR	1,000 million	June 26, 2014	none	8.36%	1,000
BPCE	June 26, 2009	EUR	1,000 million	June 26, 2014	none	8.36%	1,000
BPCE	August 6, 2009	EUR	52 million	September 30, 2015	none	13.00%	52
BPCE	August 6, 2009	EUR	374 million	September 30, 2019	September 30, 2019	12.50%	374
BPCE	August 6, 2009	USD	134 million	September 30, 2015	none	13.00%	91
BPCE	August 6, 2009	USD	444 million	September 30, 2019	September 30, 2019	12.50%	304
BPCE	October 22, 2009	EUR	750 million	April 22, 2015	none	9.25%	750
TOTAL							**7,993**

5.22 CHANGE IN GAINS AND LOSSES RECOGNIZED DIRECTLY IN EQUITY

in millions of euros	2009
Translation adjustments	45
Change in the value of available-for-sale financial assets	1,516
• *Change in value over the period affecting equity*	*1,279*
• *Change in value over the period affecting net income*	*237*
Change in the value of hedging derivatives	(269)
Taxes	(168)
Share of gains and losses recognized directly in the equity of associates	132
Gains and losses recognized directly in equity (after tax)	**1,256**
Attributable to equity holders of the parent	1,047
Minority interests	209

	2009		
in millions of euros	Gross	Taxes	Net
Translation adjustments	45		45
Change in the value of available-for-sale financial assets	1,516	(248)	1,268
Change in the value of hedging derivatives	(269)	80	(189)
Share of gains and losses recognized directly in the equity of associates			132
TOTAL GAINS AND LOSSES RECOGNIZED DIRECTLY IN EQUITY	**1,292**	**(168)**	**1,256**
Attributable to equity holders of the parent	1,058	(143)	1,047
Minority interests	234	(25)	209

Note 6 Notes to the income statement

6.1 INTEREST 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, it being specified that accrued interest on cash flow hedging derivatives is taken to income in the same manner and period as the accrued interest on the hedged item.

in millions of euros	2009			2008, pro forma		
	Income	Expense	Net	Income	Expense	Net
Loans and receivables due from customers	18,977	(6,474)	12,503	23,478	(10,653)	12,825
Loans and receivables due from credit institutions	5,267	(2,874)	2,393	11,024	(7,855)	3,169
Finance leases	849	0	849	932	0	932
Debt securities and subordinated debt	////	(7,119)	(7,119)	////	(10,266)	(10,266)
Hedging derivatives	5,186	(5,181)	5	7,708	(8,462)	(754)
Available-for-sale financial assets	1,832	0	1,832	2,614	0	2,614
Held-to-maturity financial assets	585	0	585	712	0	712
Impaired financial assets	24	0	24	18	0	18
Other interest income and expense	1,745	(65)	1,680	47	(313)	(266)
TOTAL INTEREST INCOME AND EXPENSE	**34,465**	**(21,713)**	**12,752**	**46,533**	**(37,549)**	**8,984**

Interest income from loans and receivables with credit institutions includes €2,094 million in income from funds collected on the Livret A and LDD savings accounts, which are deposited with the *Caisse des Dépôts* by Caisses d'Epargne.

The impact of the remeasurement at fair value of the perpetual deeply subordinated notes issued by the CNCE, since renamed CE Participations, and by Natixis came to €1,736 million and was entered on the "Other interest income" line.

6.2 FEE AND 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".

in millions of euros	2009			2008, pro forma		
	Income	Expense	Net	Income	Expense	Net
Cash and interbank transactions	38	(32)	6	139	(124)	15
Customer transactions	2,419	(87)	2,332	2,559	(169)	2,390
Financial services	483	(425)	58	569	(548)	21
Sales of life insurance products	924	///	924	925	///	925
Payment processing services	1,546	(677)	869	1,560	(633)	927
Securities transactions	412	(120)	292	469	(84)	385
Trust management services	1,898	(9)	1,889	2,359	(76)	2,283
Financial instruments and off-balance sheet trading	325	(63)	262	333	(47)	286
Other commissions and fees	660	(315)	345	615	(180)	435
TOTAL COMMISSION INCOME AND EXPENSE	**8,705**	**(1,728)**	**6,977**	**9,528**	**(1,861)**	**7,667**

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.

"Gains/(losses) on hedging transactions" include gains and losses arising from the remeasurement of derivatives used as fair value hedges, as well as gains and losses from the remeasurement of the hedged item in the same manner, the remeasurement at fair value of the macro-hedged portfolio and the ineffective portion of cash flow hedges.

in millions of euros	2009	2008, pro forma
Gains and losses on financial instruments held for trading	585	(3,141)
Gains and losses on financial instruments designated at fair value through profit or loss	(222)	(950)
Gains and losses on hedging transactions	242	144
Gains and losses on foreign exchange transactions	(263)	500
TOTAL NET GAIN OR LOSS ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS	**342**	**(3,447)**

Day One Profit

in millions of euros	2009
Day one profit at the start of the year	183
Deferred profit on new transactions	30
Profit recognized in income during the year	(80)
Other changes	
DAY-ONE PROFIT AT THE END OF THE YEAR	**133**

At December 31, 2009, instruments for which trading profit/loss at inception was deferred consisted mainly of:

- structured products with multiple underlyings (equities and indexes);
- options on funds;
- hybrid interest rate and inflation-indexed products;
- interest-rate futures and forwards;
- securitization swaps;
- structured credit products (CDS, CDO, FTD);
- carbon-based derivatives.

6.4 NET GAIN OR LOSS 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	2009	2008, pro forma
Gains or losses on disposals	33	683
Dividends received	349	486
Impairment of variable-income securities	(686)	(1,354)
TOTAL NET GAIN OR LOSS ON AVAILABLE-FOR-SALE FINANCIAL ASSETS	**(304)**	**(185)**

6.5 INCOME AND EXPENSES FROM 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).

	2009			2008, pro forma		
	Income	Expense	Net	Income	Expense	Net
Income and expense related to insurance business	**6,042**	**(6,866)**	**(824)**	**5,878**	**(4,688)**	**1,190**
Income and expense related to real estate activities	**2,874**	**(2,127)**	**747**	**2,725**	**(1,914)**	**811**
Income and expense related to leasing transactions	**155**	**(166)**	**(11)**	**137**	**(143)**	**(6)**
Income and expense related to investment property	**160**	**(87)**	**73**	**181**	**(79)**	**102**
Share of joint ventures	114	(132)	(18)	145	(156)	(11)
Transfers of expenses and income	36	(30)	6	38	(48)	(10)
Other operating income and expense	2,334	(815)	1,519	2,013	(965)	1,048
Additions to and reversals from provisions	89	(121)	(32)	64	(111)	(47)
Other banking income and expense	**2,573**	**(1,098)**	**1,475**	**2,260**	**(1,280)**	**980**
TOTAL INCOME AND EXPENSE ARISING FROM OTHER ACTIVITIES	**11,804**	**(10,344)**	**1,460**	**11,181**	**(8,104)**	**3,077**

Income and expense on insurance business

The table shown below provides a transition between the financial statements of insurance companies included in the scope of consolidation and their translation into the financial statements of the Groupe BPCE in accordance with the presentation applicable to banks.

		Banking format			
in millions of euros	Insurance format	NBI	Operating expenses	GOP	Cost of risk
Earned premiums	6,092	6,092		6,092	
Revenue or income from other activities	552	552		552	
Other operating income	43	43		43	
Net financial income before finance costs	1,747	1,736	(8)	1,728	19
TOTAL REVENUES	**8,434**	**8,423**	**(8)**	**8,415**	**19**
Claims and benefits expenses	(7,055)	(6,948)	(107)	(7,055)	
Net income from reinsurance cessions	(9)	(9)		(9)	
Policy acquisition costs	(534)	(370)	(164)	(534)	
Administrative expenses	(432)	(196)	(236)	(432)	
Other operating income and expenses/recurring	(420)	(9)	(386)	(395)	(25)
TOTAL OTHER RECURRING INCOME AND EXPENSE	**(8,450)**	**(7,532)**	**(893)**	**(8,425)**	**(25)**
OPERATING INCOME	**(16)**	**891**	**(901)**	**(10)**	**(6)**

Income and expense recognized for insurance contracts are included under the “Income from other activities” and “Expense on other activities” components of net banking income.

Other components of the operating income 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 general operating expenses by nature whereas they are charged by function in the insurance presentation.

6.6 GENERAL 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	Fiscal 2009	Fiscal 2008, pro forma
Personnel costs	**(9,493)**	**(9,440)**
Income and other taxes	(463)	(441)
External services	(5,361)	(5,501)
Other expenses	(2)	(1)
Other administrative costs	**(5,826)**	**(5,943)**
TOTAL OPERATING EXPENSES	**(15,319)**	**(15,383)**

The breakdown of personnel costs is provided in note 8.1. The 2010 French finance act scrapped French tax entities’ liability to business tax from 2010 and replaced it with the CET (*contribution économique territoriale* or territorial economic contribution) levy, which has two new components:

- the business land contribution (CFE, *cotisation foncière des entreprises*) based on the rateable property values of current business license tax;
- the business value-added contribution (CVAE, *cotisation sur la valeur ajoutée des entreprises*), based on the value-added as shown in individual financial statements.

The Groupe BPCE has reached the conclusion that this change in the tax framework primarily comprised a change in the way in which French local taxation is calculated, without changing its nature, and that it will need to recognize these two new contributions under operating costs during 2010, without any change on that adopted for business tax. No deferred tax expense was recognized for these new levies in the consolidated financial statements at December 31, 2009.

6.7 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	Fiscal 2009	Fiscal 2008, pro forma
Interbank items	(303)	(332)
Customer transactions	(5,529)	(3,729)
Other financial assets	(151)	(414)
Off-balance sheet commitments	(587)	(729)
Additions to impairment losses and provisions	**(6,570)**	**(5,204)**
Interbank items	234	7
Customer transactions	3,836	2,451
Other financial assets	227	72
Off-balance sheet commitments	302	204
Reversals from impairment losses and provisions	**4,599**	**2,734**
Losses on irrecoverable interbank loans and receivables	(22)	(16)
Losses on irrecoverable customer loans and receivables	(1,824)	(654)
Losses on other financial assets	(394)	(125)
Losses on irrecoverable loans and receivables	**(2,240)**	**(795)**
Recoveries of loans and receivables previously written off	**66**	**119**
Cost of risk	**(4,145)**	**(3,146)**

6.8 SHARE OF INCOME/(LOSS) OF ASSOCIATES

in millions of euros	Fiscal 2009	Fiscal 2008, pro forma
Financial sector companies	**208**	**178**
Volksbank International AG	9	17
CNP Assurances (group)	148	104
Investments in the Natixis group	21	35
Socram Banque	10	0
Crédit Immobilier Hotelier	7	15
Other	13	7
Non-financial companies	**(10)**	**6**
Maisons France Confort P-I	3	4
Other	(13)	2
SHARE OF INCOME/(LOSS) OF ASSOCIATES	**198**	**184**

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 consolidated investments.

in millions of euros	Fiscal 2009	Fiscal 2008, pro forma
Gains or losses on disposals of property, plant and equipment and intangible assets used in operations	9	26
Gains or losses on consolidated investments	(19)	357
TOTAL GAINS OR LOSSES ON OTHER ASSETS	**(10)**	**383**

In 2009, gains or losses on disposals of investments in consolidated companies notably included the capital loss of €31 million arising from the sale of CACEIS, the impact of €20 million from the sale of Cerved and the negative impact of €26 million deriving from the expected sale during the first half of 2010 of part of the portfolio of Natixis Private Equity.

In 2008, gains or losses on disposals of consolidated investments chiefly included an accretion gain of €222 million recorded by BPCE on Natixis and the capital gain on the contribution to CACEIS by Natixis of its custodial activities for €105 million.

6.10 CHANGE IN THE VALUE OF GOODWILL

in millions of euros	Fiscal 2009	Fiscal 2008, pro forma
SMC	(206)	
Banque Tuniso-Koweitienne	(90)	
Banque Palatine	(82)	
Océorane	(16)	(17)
Locindus	0	(34)
Natixis (Private Equity)	(8)	
Natixis (Corporate and Investment Banking)		(73)
FONCIA	(441)	
Nexity	(368)	
Meilleurtaux	(64)	(36)
Other	(4)	(8)
TOTAL CHANGE IN THE VALUE OF GOODWILL	**(1,279)**	**(168)**

6.11 INCOME TAXES

6.11.1 Income tax components

in millions of euros	Fiscal 2009	Fiscal 2008, pro forma
Current income taxes	(569)	(322)
Deferred income taxes	862	1,366
INCOME TAXES	**293**	**1,044**

6.11.2 Reconciliation between the tax charge in the financial statements and the theoretical tax charge

in millions of euros	Fiscal 2009
Net income attributable to equity holders of the parent	537
Change in the value of goodwill	1,279
Minority interests	(612)
Share of income/(loss) of associates	(198)
Taxes	(293)
Income before tax and change in the value of goodwill (A)	**713**
Standard income tax rate in France (B)	**34.43%**
Theoretical tax expense/(benefit) at the rate in force in France (A*B)	**(245)**
Impact of the change in unrecognized deferred taxes	(425)
Effect of the restructuring of deeply subordinated notes	598
Impact of permanent differences	(44)
Reduced rate of tax and tax-exempt activities	1
Difference in tax rates on income taxed outside France	(6)
Tax on previous fiscal years, tax credits and other tax	365
Other items	49
Income taxes	**293**
Effective tax rate (income tax expense on income divided by taxable income)	**-41.09%**

Tax benefits in prior periods derived predominantly from the contribution made by Natixis (€321 million).

Note 7 Risk exposure and regulatory ratios

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 APITAL MANAGEMENT AND REGULATORY CAPITAL REQUIREMENTS

The Group is required to comply with prudential rules established by French regulatory bodies, pursuant to the transposition into French law of the European Directives on the capital adequacy of investment firms and credit institutions and on financial conglomerates.

The Order of February 20, 2007 issued by the French Ministry of the Economy, Finance and Industry defined the method for calculating the Basel II capital adequacy ratio as the ratio between total regulatory 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;
- 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	12/31/2009
Equity attributable to equity holders of the parent	43,988
Minority interests	3,021
Issues of hybrid Tier-1 instruments	9,089
Prudential restatements (including goodwill and intangible assets)	(15,710)
Tier-1 capital before deductions	**40,388**
Tier-2 capital before deductions	**13,527**
Capital deductions	**(9,064)**
• o/w deductions from Tier-1 capital	(2,816)
• o/w deductions from Tier-2 capital	(2,816)
• o/w capital deductions	(3,432)
Regulatory capital	44,851

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 equity, excluding gains or losses recognized directly in equity, 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 and minority interests 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 preferred stock. A discount of 20% is applied to all subordinated debt instruments with a maturity of less than five years.

Tier-2 capital is taken into account only 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. Since its formation on July 31, 2009, the Groupe BPCE has complied with these solvency ratio requirements.

7.2 CREDIT AND COUNTERPARTY RISK MANAGEMENT

Disclosures relating to the management of credit risk required by IFRS 7 and provided in section 2.5 of the risk management report include:

- breakdown of gross exposure by category of exposure and by approach (credit and counterparty risk);
- breakdown of exposure by geographic region;
- breakdown of exposure by credit quality (standardized approach);
- concentration of credit risk by borrower.

7.2.1 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.

7.2.2 Total exposure to credit risk and counterparty risk

The table below shows the credit risk exposure for all the Groupe BPCE's financial assets. 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	Additions to impairment losses and provisions	Net outstandings at 12/31/2009
Financial assets at fair value through profit or loss (excluding variable-income securities)	168,563			168,563
Hedging derivatives	6,481			6,481
Available-for-sale financial assets (excluding variable-income securities)	50,482	812	(446)	50,848
Interbank items	146,435	405	(392)	146,448
Customer transactions	509,443	18,858	(10,861)	517,440
Held-to-maturity financial assets	8,850	2	(1)	8,851
Exposure to balance sheet commitments	**890,254**	**20,077**	**(11,700)**	**898,631**
Financial guarantees given	100,955	572		101,527
Off-balance sheet commitments	115,523	641	(1,126)	115,038
Exposure to off-balance sheet commitments	**216,478**	**1,213**	**(1,126)**	**216,565**
TOTAL CREDIT RISK EXPOSURE	**1,106,732**	**21,290**	**(12,826)**	**1,115,196**

The "Impairment and provisions" column includes provisions calculated on an individual basis as well as portfolio-assessed provisions.

7.2.3 Impairment and provisions for credit risk

in millions of euros	12/31/2008	Additions	Reversals	Other changes	12/31/2009
Available-for-sale financial assets	419	150	(227)	104	446
Interbank items	430	303	(234)	(107)	392
Customer transactions	9,083	5,529	(3,836)	85	10,861
Held-to-maturity financial assets	0	1		0	1
Impairment losses recognized in assets	**9,932**	**5,983**	**(4,297)**	**82**	**11,700**
Provisions for off-balance sheet commitments	**899**	**587**	**(302)**	**(58)**	**1,126**
TOTAL IMPAIRMENT AND PROVISIONS FOR CREDIT RISK	**10,831**	**6,570**	**(4,599)**	**24**	**12,826**

7.2.4 Financial assets with past due payments and guarantees received as collateral

Assets 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 financial statements;
- a current account carried in "Loans and receivables" is considered past due if the overdraft period or authorized limit has been exceeded at 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:

in millions of euros	≤ 90 days	> 90 days and ≤ 180 days	> 180 days and ≤ 1 year	> 1 year	Outstandings impaired	Total
Debt instruments	9	0	0	0	0	9
Loans and receivables	4,378	335	161	134	10,312	15,320
Other financial assets	4	0	0	0	0	4
TOTAL PAST DUE PAYMENTS	**4,391**	**335**	**161**	**134**	**10,312**	**15,333**

7.2.5 Restructured loans and receivables

The table below provides the carrying amount of restructured loans and receivables (renegotiated due to financial difficulties experienced by the debtor) presented as performing loans:

in millions of euros	12/31/2009
Available-for-sale financial assets	25
Loans and receivables due from credit institutions	21
Loans and receivables due from customers	818
TOTAL RESTRUCTURED LOANS	**864**

7.2.6 Credit risk mitigation mechanisms: Assets obtained by taking possession of collateral

The following table shows by type the carrying amount of assets (securities, real estate, etc.) obtained by taking possession of collateral or other forms of credit enhancement.

in millions of euros	12/31/2009
Non-current assets held with a view to their sale	0
Property, plant and equipment	2
Investment property	16
Debt and equity instruments	131
Other	0
TOTAL ASSETS OBTAINED BY TAKING POSSESSION OF COLLATERAL	**149**

7.3 MARKET RISK

Market risk refers to the possibility of financial loss due to market movements, 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 presented in the risk management report. The information provided in the risk management report required under IFRS 7 and relating to the management of market risk comprises:

- the Value-at-Risk (VaR) of the guarantee granted by BPCE concerning a portion of the GAPC's assets (segregated assets structure);
- backtesting by Natixis on the regulatory scope;
- stress testing results.

7.4 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 Group's approach to the management of currency risk is discussed in the risk management report.

7.5 LIQUIDITY RISK

7.5.1 Liquidity risk management

Liquidity risk is the risk that the Group will be unable to honor its payment obligations as they fall due and replace funds when they are withdrawn.

The refinancing procedures and liquidity risk management arrangements are disclosed in the risk management report.

7.5.2 Assets and liabilities by residual maturity

The table below analyzes the present value of financial assets and liabilities by contractual maturity date:

in millions of euros	Less than 3 months	From 3 months to 1 year	From 1 to 5 years	Over 5 years	Perpetual	Total
Cash and amounts due from central banks	13,069					13,069
Trading derivatives	93,616	////	////	////	////	93,616
Other financial assets at fair value through profit or loss	15,336	16,036	16,952	26,252	26,521	101,097
Hedging derivatives	379	280	2,085	3,737		6,481
Available-for-sale financial assets	4,095	3,208	18,269	25,532	14,749	65,853
Loans and receivables due from credit institutions	108,921	10,622	19,178	7,668	59	146,448
Loans and receivables due from customers	66,192	38,938	161,158	249,247	1,905	517,440
Revaluation differences on portfolios hedged against interest-rate risk	1,996	////	////	////	////	1,996
Held-to-maturity financial assets	54	510	2,624	5,663		8,851
FINANCIAL ASSETS BY MATURITY	**303,658**	**69,594**	**220,266**	**318,099**	**43,234**	**954,851**
Amounts due to central banks	214					214
Trading derivatives	98,468	////	////	////	////	98,468
Other financial liabilities at fair value through profit or loss	41,777	6,630	21,761	14,331	100	84,599
Hedging derivatives	575	105	1,365	2,603		4,648
Amounts due to credit institutions	49,073	51,259	13,469	1,875	54	115,730
Amounts due to customers	284,993	15,169	47,604	9,540	10,411	367,717
Debt securities	69,999	25,360	52,140	55,836	1,075	204,410
Revaluation differences on portfolios hedged against interest-rate risk	1,006	////	////	////	////	1,006
Subordinated debt	662	809	2,867	10,482	161	14,981
FINANCIAL LIABILITIES BY MATURITY	**546,767**	**99,332**	**139,206**	**94,667**	**11,801**	**891,773**

Current financial assets and liabilities concern amounts payable or receivable in less than twelve months. At December 31, 2009, current financial assets amounted to €373,252 million and current financial liabilities were €646,099 million.

Note 8 Employee benefits

8.1 PERSONNEL COSTS

in millions of euros	Fiscal 2009
Wages and salaries	(5,891)
Expenses under defined contribution plans	(710)
Other social security charges and payroll-based taxes	(2,493)
Profit-sharing and incentive plans	(399)
TOTAL PERSONNEL COSTS	**(9,493)**

Deferred compensation payable to market professionals

At the Groupe BPCE, the variable compensation awarded to market professionals chiefly concerns Natixis' teams.

At the Natixis group, the portion of variable compensation awarded to market professionals in respect of fiscal 2009 and deferred, represents on average over 50% of variable compensation awarded, in accordance with the provisions of the Order of November 5, 2009 and the professional standards adopted by the French banking federation on November 5, 2009.

This compensation will be paid only if conditions of continued presence and performance are satisfied. They will be settled in two forms:

- deferred cash-settled compensation indexed to the value of Natixis shares: one-third of the units will be settled in March 2011, a second third in March 2012 and the final third in March 2013;
- deferred compensation settled in Natixis shares: one-third of the units will be settled in March 2011, a second third in March 2012 and the final third in March 2013. Delivery of the shares will be followed by a lock-up period of two years.

  The accounting treatment is defined in IFRS 2 "Share-based payments". The cost of this compensation is amortized on a straight-line basis over the vesting period of the rights with effect from January 1, 2009, the date at which employees started to perform the corresponding services.

  The expense recognized by the Natixis group during fiscal 2009 amounted to €23 million, with €16 million attributable to the cash-settled portion indexed to the value of Natixis shares and €7 million to the equity-settled portion.

A provision for the tax on the deferred compensation of market professionals was set aside in accordance with the provisions of the amended French finance bill for 2010. The amount set aside came to €37 million at December 31, 2009.

8.2 EMPLOYEE BENEFITS – POST-EMPLOYMENT BENEFITS AND LONG-TERM EMPLOYEE BENEFITS

The Groupe BPCE grants its staff a variety of employee benefits:

- the Banque Populaire banks' private supplementary pension plan, managed by Caisse Autonome de Retraite des Banques Populaires (CAR), covers the pension benefits deriving from the closure of the banking pension scheme at December 31, 1993;
- the Caisses d'Epargne private supplementary pension plan, previously managed by the Caisse Générale de Retraite des Caisses d'Epargne (CGRCE), but now incorporated within the Caisse Générale de Prévoyance des Caisses d'Epargne (CGPCE), a so-called rights maintenance plan (RMP). The CGR plan has been closed since December 31, 1999, and the rights crystallized at this date. The rights maintenance plan is akin to a long-term benefits fund;
- 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.

8.2.1 Analysis of assets and liabilities recorded on the balance sheet

	12/31/2009				
in millions of euros	CGPCE (RMP)	CAR	Pensions	Other commitments	Total
Present value of funded obligations	4,318	764	1,288	230	6,600
Fair value of plan assets	(4,255)	(199)	(553)	(6)	(5,013)
Fair value of reimbursement rights	(430)		(51)		(481)
Present value of unfunded obligations			31	3	34
Unrecognized actuarial gains and losses	355	(66)	(62)		227
Past service cost			(59)		(59)
NET AMOUNT RECORDED ON THE BALANCE SHEET	**(12)**	**499**	**594**	**227**	**1,308**
Employee benefit obligations recorded on the balance sheet	418	499	616	227	1,760
Plan assets recorded on the balance sheet	430		22		452

At 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 known as the "*Loi Fillon*", these institutions were required to either wind up their operations, seek accreditation as an 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. Accordingly, at December 31, 2008, the Caisse Générale de Prévoyance des Caisses d'Epargne (GCPCE) absorbed the CGRCE. This merger had no direct accounting impact on the Groupe BPCE.

At December 31, 2009, the CARBP was a Supplementary Pension Institution. Its status changed at January 1, 2010 to an employee benefits savings institution, which handles the administration and management of pension obligations for banking industry pensions. Outstanding commitments have been transferred to an insurer. This external transfer has no direct impact on the Groupe BPCE.

8.2.2 Change in amounts recognized on the balance sheet

in millions of euros	12/31/2009				
	CGPCE (RMP)	CAR	Pensions	Other commitments	Total
Projected benefit obligation at start of year	4,500	780	1,205	295	6,780
Service cost			34	22	56
Interest cost	166	28	44	13	251
Benefits paid	(113)	(29)	(59)	(22)	(223)
Actuarial gains and losses	(236)	(15)	(10)	(4)	(265)
Past service cost			15		15
Other (translation adjustments, changes for the year)	1		90	(71)	20
Projected benefit obligation at end of year	**4,318**	**764**	**1,319**	**233**	**6,634**
Fair value of plan assets at start of year	(4,185)	(179)	(493)	(8)	(4,865)
Expected return on plan assets	(131)	(6)	(19)		(156)
Plan participant contributions			(20)		(20)
Benefits paid	113		34	1	148
Actuarial gains and losses during the fiscal year	(51)	(15)	(2)		(68)
Other (translation adjustments, changes for the year)	(1)	1	(53)	1	(52)
Fair value of plan assets at end of year	**(4,255)**	**(199)**	**(553)**	**(6)**	**(5,013)**
Fair value of reimbursement rights at start of year	(395)		(56)		(451)
Expected return on reimbursement rights	(35)		(2)		(37)
Contributions paid or received					
Benefits paid			5		5
Actuarial gains and losses during the fiscal year			3		3
Other (translation adjustments, changes for the year)			(1)		(1)
Fair value of reimbursement rights at end of year	**(430)**		**(51)**		**(481)**
Net obligation	**(367)**	**565**	**715**	**227**	**1,140**
Unrecognized actuarial gains and losses	355	(66)	(62)		227
Past service cost			(59)		(59)
NET AMOUNT RECORDED ON THE BALANCE SHEET	**(12)**	**499**	**594**	**227**	**1,308**

At December 31, 2009, pension plan assets break down as follows:

- for the Banque Populaire plan: 52% in bonds, 35% in equities and 12% in money-market assets;
- for the Caisses d'Epargne plan: 88% in bonds, 4% in equities, 2% in real estate assets and 6% in money-market 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 on defined-benefit plans

Experience adjustments are changes in plan assets and obligations unrelated to changes in actuarial assumptions.

For the Caisses d'Epargne and CGPCE RMP, the experience adjustments break down as follows:

in millions of euros	12/31/2009
Present value of funded obligations [(1)]	4,318
Fair value of plan assets [(2)]	(4,685)
NET AMOUNT RECORDED ON THE BALANCE SHEET	**(367)**
Experience adjustments to plan liabilities - gains/(losses) as a % of [(1)]	2.6%
Experience adjustments to plan assets - gains/(losses) as a % of [(2)]	1.1%

For the CAR (Banque Populaire banks), actuarial gains and losses derive chiefly from changes in actuarial assumptions.

8.2.3 Actuarial expense under defined-benefit plans

The various components of the charge recognized for defined-benefit plans are included under "Personnel costs".

	12/31/2009				
in millions of euros	CGPCE (RMP)	CAR	Pensions	Other commitments	Total
Service cost			34	22	56
Interest cost	166	28	44	13	251
Expected return on plan assets	(131)	(6)	(19)		(156)
Expected return on reimbursement rights	(35)		(2)		(37)
Actuarial gains and losses		3	9	(1)	11
Past service cost		(2)	(13)	(3)	(18)
Exceptional factors			26	(60)	(34)
TOTAL CHARGE FOR DEFINED-BENEFIT PLANS		**23**	**79**	**(29)**	**73**

8.2.4 Main actuarial assumptions expressed as a percentage

	12/31/2009			
as a percentage	CGPCE (RMP)	CAR	Pensions	Other commitments
Discount rate	4.10%	3.82%	3.4%[(1)]	3.40%
Expected return on plan assets	4.30%	3.40%		
Expected return on reimbursement rights	3.50%			

(1) Tariff advantages granted to retired employees: 4.10%.

For the Caisses d'Epargne

The mortality tables used are:

- TF00/02 for termination benefits, long service awards and other benefits;
- TPRV 93 for other pension liabilities; and
- TGH TGF 05 for the CGPCE rights maintenance plan.

For the Banque Populaire banks

The mortality table used is the TGH TGF 05.

8.2.5 Sensitivity of plan obligations to changes in the principal assumptions

At December 31, 2009, a reduction of 0.5% in the discount rate would have the following impact on actuarial obligations:

- increase of 7.4% in top-up pension plan of the *Caisse Autonome de Retraites* (CAR), *i.e.* around €55 million;
- increase of 10% in the rights maintenance plan of the Caisse Générale de Prévoyance (formerly CGRCE), *i.e.* around €400 million.

8.3 SHARE-BASED PAYMENTS

Equity-settled plans are presented below.

Bonus share allocation scheme (SAGA)

The Natixis Extraordinary Shareholders' Meeting, which was held on May 24, 2007, authorized the Management Board to grant shares to employees of the following entities: Natixis, the BFBP and the CNCE, credit institutions affiliated with the two central bodies, entities in which 50% or more of the share capital is owned directly or indirectly, exclusively or jointly by Natixis, the BFBP or the CNCE and their affiliated institutions.

On November 12, 2007, each employee beneficiary was granted by Natixis' Management Board non-negotiable rights to the allotment of Natixis shares at the end of a two-year period. Initially set at 60, the number of shares awarded to each employee was increased to 93 to protect the rights of beneficiaries upon completion of the capital increase carried out by Natixis on September 30, 2008.

On November 12, 2009, at the end of the vesting period, the Group's employees took ownership of 93 shares, which will remain locked up for two years.

In accordance with IFRS 2, the Natixis group recognized a charge corresponding to the benefit granted to its own employees (charge calculated based on the fair value of the obligation and amortized over the two years of the rights vesting period).

In addition, the Groupe BPCE's other credit institutions recognized in their accounts an expense reflecting the portion ultimately allotted to their employees and rebilled by Natixis at the end of the vesting period.

Natixis share subscription option plans

	Number of options allotted	Total number of options in issue	Exercise price (in euros)	Share price at date of allotment
2005 plan	7,653,800	7,039,340	7.74	13.00
2007 plan	15,398,922	14,089,614	14.38	21.97
2008 plan	7,576,792	4,555,516	8.27	10.63

The charge for the fiscal year came to €21 million.

Nexity share subscription option and bonus share allocation plans

Nexity Plans	Number of options or shares allotted	Number of options or shares allotted, not cancelled and not exercised	Exercise price (in euros)	Share price at date of allotment
2003 plan	135,455	0	-	17.90
February and May 2004 plans	720,400	110,120	5 and 5.65(1)	17.90
October and December 2004 plans	750,000	589,951	17.90	17.90
October 2005 plan	200,000	170,000	37.21	39.20
December 2005 plan	184,500	0	n/a	39.50
March 2006 plan	55,000	0	n/a	55.30
September 2006 plan	15,000	11,750	n/a	46.20
December 2006 plan	85,500	66,700	n/a	52.70
June 2007 plan	53,500	47,700	n/a	58.90
January 2008 plan	369,500	317,500	n/a	27.20
April 2008 plan	139,500	51,500	n/a	27.70
December 2008 plan	373,000	359,000	n/a	8.90
May 2009 plan	158,000	158,000	n/a	22.70
December 2009 plan	271,000	271,000	n/a	23.80
TOTAL	**3,510,355**	**2,153,221**		

(1) €5 for the February 2004 plan and €5.65 for the May 2004 plan.

The charge for the fiscal year came to €3 million.

Note 9 Segment reporting

The accounting conventions used to prepare the financial statements for fiscal 2009 are described in note 3 "Basis of preparation of the consolidated financial statements".

The Groupe BPCE redefined its business lines in connection with the review launched during the second half of 2009 based on its 2010-2013 strategic plan. Under this plan, the Group is refocusing on development of its two core businesses:

- **Commercial banking and insurance**, including:
  - the Banque Populaire network, which comprises 20 Banque Populaire banks and their subsidiaries, Crédit Maritime Mutuel and the Mutual Guarantee Companies,
  - the Caisse d'Epargne network, comprising 17 Caisses d'Epargne,
  - real estate financing, the results of which predominantly reflect the contribution made by the Crédit Foncier group,
  - insurance, internationally and the other networks, chiefly comprising the Group's interest in CNP Assurances, GCE Assurances, the international subsidiaries and in overseas dependencies (including Financière Océor), Banque Palatine and Société Marseillaise de Crédit;
- **Corporate and investment banking**, savings and specialized financial services represent Natixis' core businesses:
  - corporate and investment banking, which has now established itself as BPCE's bank serving large businesses and institutional customers,
  - savings, encompassing asset management, life insurance and private banking,
  - specialized financial services, which together represent a set of service businesses dedicated chiefly to the Banques Populaires and Caisse d'Epargne networks, as well as to Natixis' other business segments, *i.e.*, factoring, leasing, consumer finance, financial guarantees, employee benefits planning, payments and vouchers.

Financial Stakes is the third business segment, comprising the Group's shareholdings in FONCIA, Nexity, Eurosic and Meilleurtaux, as well as Natixis' interest in Coface and Natixis Private Equity.

Activities managed on a run-off basis and other businesses notably include:

- the contribution made by Natixis' GAPC (segregated assets structure) and the proprietary trading activities of CE Participations (former proprietary trading unit of the CNCE);
- the contribution made by the Group's central body and holding companies, as well as goodwill impairment and amortization of valuation differences.

The financial data provided for fiscal 2008 represents pro forma figures based on the consolidated financial statements of Groupe Banque Populaire and the consolidated financial statements of Groupe Caisse d'Epargne for fiscal 2008, supplemented to take into account the combination between the two groups. A similar presentation is provided for fiscal 2009.

The accounting conventions used to present segment results aim to provide a more representative picture of the results, assets and liabilities of each segment.

9.1 SEGMENT ANALYSIS OF THE CONSOLIDATED INCOME STATEMENT

Performance by division

	Commercial banking and insurance		CIB, Investment Solutions and SFS		Financial Stakes		Activities managed on a run-off basis and other businesses		Groupe BPCE	
in millions of euros	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**
Net banking income	14,159	12,089	4,942	5,486	1,687	2,139	439	(3,618)	21,227	16,096
Operating expenses	(10,049)	(9,748)	(3,465)	(3,576)	(1,940)	(1,957)	(905)	(1,056)	(16,359)	(16,337)
Gross operating income	**4,110**	**2,341**	**1,477**	**1,910**	**(253)**	**182**	**(466)**	**(4,674)**	**4,868**	**(241)**
Cost of risk	(1,428)	(1,161)	(1,464)	(748)	(20)	(21)	(1,233)	(1,216)	(4,145)	(3,146)
Operating income/(loss)	**2,682**	**1,180**	**13**	**1,162**	**(273)**	**161**	**(1,699)**	**(5,890)**	**723**	**(3,387)**
Share in net income/(loss) of associates	170	148	16	23	4	13	8	0	198	184
Net gain or loss on other assets	10	(10)	12	(4)	22	1	(54)	396	(10)	383
Trading loss	0	0	0	0	0	0	0	(752)		(752)
Change in the value of goodwill	0	0	0	0	0	0	(1,279)	(168)	(1,279)	(168)
Income before tax	**2,862**	**1,318**	**41**	**1,181**	**(247)**	**175**	**(3,024)**	**(6,414)**	**(368)**	**(3,740)**
Income taxes	(984)	(306)	256	(342)	34	(82)	987	1,774	293	1,044
Minority interests	(5)	(46)	(119)	(271)	32	(58)	704	1,224	612	849
Net income attributable to equity holders of the parent	**1,873**	**966**	**178**	**568**	**(181)**	**35**	**(1,333)**	**(3,416)**	**537**	**(1,847)**

Performance of the Commercial Banking and Insurance sub-divisions

	Banques Populaires		Caisses d'Epargne		Real estate financing		Insurance, International and Other specialized networks		Commercial banking and insurance	
in millions of euros	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Net banking income	5,920	5,041	6,108	4,833	1,005	1,099	1,126	1,116	14,159	12,089
Operating expenses	(3,951)	(3,804)	(4,514)	(4,447)	(583)	(632)	(1,001)	(865)	(10,049)	(9,748)
Gross operating income	**1,969**	**1,237**	**1,594**	**386**	**422**	**467**	**125**	**251**	**4,110**	**2,341**
Cost of risk	(737)	(529)	(340)	(395)	(86)	(166)	(265)	(71)	(1,428)	(1,161)
Operating income/(loss)	**1,232**	**708**	**1,254**	**(9)**	**336**	**301**	**(140)**	**180**	**2,682**	**1,180**
Share in net income/(loss) of associates	10	10	0	0	3	3	157	135	170	148
Net gain or loss on other assets	14	2	(2)	0	0	(12)	(2)	0	10	(10)
Income before tax	**1,256**	**720**	**1,252**	**(9)**	**339**	**292**	**15**	**315**	**2,862**	**1,318**
Income taxes	(424)	(155)	(427)	13	(101)	(97)	(32)	(67)	(984)	(306)
Minority interests	(6)	(7)	0	0	(7)	(21)	8	(18)	(5)	(46)
Net income attributable to equity holders of the parent	**826**	**558**	**825**	**4**	**231**	**174**	**(9)**	**230**	**1,873**	**966**

Results of the Corporate and investment banking, Savings and Specialized financial services sub-divisions

	CIB		SAVINGS		SFS		CIB, Savings and SFS	
in millions of euros	2009	2008	2009	2008	2009	2008	2009	2008
Net banking income	2,561	2,857	1,540	1,693	841	936	4,942	5,486
Operating expenses	(1,664)	(1,758)	(1,154)	(1,183)	(647)	(635)	(3,465)	(3,576)
Gross operating income	**897**	**1,099**	**386**	**510**	**194**	**301**	**1,477**	**1,910**
Cost of risk	(1,385)	(653)	(32)	(67)	(47)	(28)	(1,464)	(748)
Operating income/(loss)	**(488)**	**446**	**354**	**443**	**147**	**273**	**13**	**1,162**
Share in net income/(loss) of associates	0	0	16	23	0	0	16	23
Net gain or loss on other assets	11	(17)	1	(2)	0	15	12	(4)
Income before tax	**(477)**	**429**	**371**	**464**	**147**	**288**	**41**	**1,181**
Income taxes	399	(119)	(94)	(133)	(49)	(90)	256	(342)
Minority interests	22	(89)	(109)	(122)	(32)	(60)	(119)	(271)
Net income attributable to equity holders of the parent	**(56)**	**221**	**168**	**209**	**66**	**138**	**178**	**568**

9.2 SEGMENT ANALYSIS OF THE CONSOLIDATED BALANCE SHEET

	Commercial banking and insurance		CIB, Investment Solutions and SFS		Financial Stakes		Activities managed on a run-off basis and other businesses		Groupe BPCE	
in millions of euros	12/31/2009	12/31/2008	12/31/2009	12/31/2008	12/31/2009	12/31/2008	12/31/2009	12/31/2008	12/31/2009	12/31/2008
Segment assets	624,021	599,254	322,064	427,340	10,133	11,606	72,584	105,479	1,028,802	1,143,679
Segment liabilities(1)	553,919	540,594	314,795	421,966	6,872	7,347	51,892	79,238	927,478	1,049,145

	Banques Populaires		Caisses d'Epargne		Real estate financing		Insurance, International and Other specialized networks		Commercial banking and insurance	
in millions of euros	12/31/2009	12/31/2008	12/31/2009	12/31/2008	12/31/2009	12/31/2008	12/31/2009	12/31/2008	12/31/2009	12/31/2008
Segment assets	201,840	186,096	264,116	262,451	131,528	128,417	26,537	22,290	624,021	599,254
Segment liabilities(1)	181,069	164,816	236,200	238,394	122,298	118,395	14,352	18,989	553,919	540,594

	CIB		Savings		Specialized Financial Services		CIB, Savings and SFS	
in millions of euros	12/31/2009	12/31/2008	12/31/2009	12/31/2008	12/31/2009	12/31/2008	12/31/2009	12/31/2008
Segment assets	269,958	373,108	35,623	33,928	16,483	20,304	322,064	427,340
Segment liabilities(1)	267,441	370,309	36,080	33,730	11,274	17,927	314,795	421,966

(1) Segment liabilities represent the liabilities restated for equity and other liabilities (notably including tax liabilities and other liabilities and provisions).

9.3 SEGMENT REPORTING BY GEOGRAPHICAL REGION

The geographical analysis of segment assets and results is predicated on the location where business activities are accounted for.

Net banking income

in millions of euros	2009
France	19,312
Rest of Europe	217
North America	1,144
ROW	554
TOTAL	**21,227**

Total segment assets

in millions of euros	12/31/2009
France	924,252
Rest of Europe	43,427
North America	45,615
ROW	15,508
TOTAL	**1,028,802**

Note 10 Commitments and contingencies

10.1 FINANCING AND GUARANTEE COMMITMENTS

The amounts shown represent the nominal value of commitments given.

Financing commitments

in millions of euros	12/31/2009
Financing commitments given to	**116,164**
• credit institutions	19,885
• customers	96,279
• Credit lines set up	87,315
• Other commitments	8,964
Financing commitments received from	**59,983**
• credit institutions	58,512
• customers	1,471

Guarantee commitments

in millions of euros	12/31/2009
Guarantee commitments given	**230,065**
• by order of credit institutions	115,929
• by order of customers	114,136
Guarantees commitments received	**155,987**
• by credit institutions	36,324
• by customers	119,663

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.

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	12/31/2009
Equity instruments	1,259
Debt instruments	45,769
Loans and receivables	108,621
Other financial assets	1,870
TOTAL	**157,519**

At December 31, 2009, the financial assets provided as collateral under refinancing arrangements notably include:

€92,432 million in financial assets used as collateral with the Banque de France as part of the TRICP process;

€21,804 million in financial assets pledged with the SFEF;

€4,178 million in financial assets provided as collateral for financing obtained from the European Investment Bank (EIB);

€2,810 million in financial assets pledged with the Caisse de Refinancement Hypothécaire.

10.3 FINANCIAL ASSETS RECEIVED AS COLLATERAL THAT CAN BE SOLD OR REPLEDGED

The Groupe BPCE did not recognize any (material) amounts of assets received as collateral and recorded as an asset on the balance sheet as part of financial guarantee contracts that include a right of reuse.

Note 11 Related party transactions

For the Groupe BPCE, related parties are considered to be all consolidated companies, including companies carried under the equity method, local savings companies, BPCE, Natixis, IT centers and the Group's key management personnel.

The social housing companies in which the Group is the sole major shareholder are also covered.

11.1 TRANSACTIONS WITH CONSOLIDATED AND ASSOCIATED COMPANIES

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 on intercompany transactions concerning:

- companies over which the Group exercises joint control (proportionally consolidated) in respect of the non-eliminated portion (joint ventures): no material transactions;
- companies over which the Group exercises significant influence (equity-accounted): the Group received commission payments from the CNP Assurances group amounting to €751.1 million in 2009.

A list of fully consolidated subsidiaries is presented in the scope of consolidation section (see note 13).

11.2 TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

The Group's key management personnel are the members of the Management Board and Supervisory Board of BPCE.

Short-term benefits

The short-term benefits paid to the Group's key management personnel came to €5 million.

These include compensation, directors' attendance fees and benefits paid to members of the Management Board and of the Supervisory Board.

Share-based payments

Since BPCE was formed, managers have not received any allotment of stock subscription or purchase options or bonus shares.

Post-employment benefit obligations, long-term benefits and termination benefits

The BPCE's key management personnel do not receive any compensation or other benefits owing to the cessation or change in their duties.

During 2009, €3 million was paid as a contribution into the supplementary pension plan for key management personnel.

11.3 RELATIONS WITH SOCIAL HOUSING UNDERTAKINGS

The Groupe BPCE is a longstanding partner via the Caisse d'Epargne network 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.

Banking transactions with social housing undertakings

in millions of euros	12/31/2009
Loan outstandings	621
Deposit account balances	269
Outstanding financial investments (mutual funds and securities)	101
Interest income from loans	25
Financial expense on bank deposits	7
Financial expense on investments (mutual funds and securities)	3

Note 12 Preparation of pro forma financial data

12.1 PRINCIPLES AND METHODS USED TO DRAW UP THE PRO FORMA FINANCIAL INFORMATION

The pro forma financial data is intended to provide insight into the effects of the transactions linked to the merger between Groupe Banque Populaire and Groupe Caisse d'Epargne and was prepared based on the consolidated financial statements of Groupe Banque Populaire for fiscal 2008 and the consolidated financial statements of Groupe Caisse d'Epargne for fiscal 2008.

This information was then updated to take into account the effects of the merger between the two groups. The pro forma financial information presented below does not include the impact of transactions carried out in 2008 and 2009, other than that relating directly to the establishment of BPCE.

This method led to the preparation of pro forma financial data as if the merger transaction had been completed on January 1, 2008.

12.2 ACCOUNTING METHODS AND SCOPE OF CONSOLIDATION

The accounting principles and methods used to prepare the pro forma data are identical to those adopted by the Group to draw up the consolidated financial statements as described in notes 3 and 4.

Business combination

Pursuant to IFRS 3, the combination between Groupe Banque Populaire and Groupe Caisse d'Epargne, was considered to be a merger of mutual entities, which is excluded from the scope of this standard.

Given the substance of the business combination, the historic cost method was used as the basis for the recognition of the merger transactions. This method has the following advantages:

- it is consistent with the principles of equity and balance that were central to the merger;
- it ensures that the methods used to value the combined entity's assets and liabilities are consistent, and guarantees neutral accounting treatment, irrespective of the origins of the businesses;
- it requires the elimination of the impact of prior transactions effected by Groupe Banque Populaire and Groupe Caisse d'Epargne.

In particular, valuation differences and goodwill arising from the establishment of Natixis were restated.

Scope of consolidation

After the finalization of the various contributions, the consolidating entity comprises:

- the Banques Populaires, *i.e.* the 18 Banque Populaire regional banks, the CASDEN Banque Populaire and Crédit Coopératif;
- the Caisses d'Epargne, *i.e.* the 17 regional Caisses d'Epargne;
- the Caisses de Crédit Maritime Mutuel;
- the Sociétés de Caution Mutuelle (SCM, Mutual guarantee companies) collectively affiliated with the Banques Populaires to which they are linked;
- and the newly created central body, BPCE.

The asset contributions left BPCE owning 100% of the two groups' stakes in Natixis, giving it exclusive control over that entity. Consequently, Natixis has been fully consolidated in the pro forma financial information, with a 72% equity interest at December 31, 2008 (previously, the groups both used the proportional method to consolidate Natixis).

12.3 RESTATEMENTS

The following assumptions were used to prepare the pro forma consolidated data:

Consolidation of Natixis

The switch from a situation of joint control to a situation of exclusive control over Natixis prompted a review of the accounting treatment of the put option written by the CNCE for CNP Assurances on shares in Natixis Global Asset Management. In accordance with IAS 32, the following restatements have been made:

- the potential debt has been recognized on the combined entity's balance sheet;

- minority interests relating to CNP Assurances' ownership of an 11% equity interest in Natixis Global Asset Management were cancelled;
- additional goodwill was recognized (€402 million at December 31, 2008);
- the fair value of the derivative previously recognized in Groupe Caisse d'Epargne's financial statements was cancelled.

Harmonization of accounting policies

To ensure that the methods used to value the combined entity's assets and liabilities are consistent, the two groups' accounting principles were harmonized as part of the link-up. These harmonization efforts had a negative impact of €240 million on equity attributable to equity holders of the parent at December 31, 2008.

The methods used to calculate impairment on the basis on the Banque Populaire banks' and Caisses d'Epargne portfolios and calculation models for obligations under regulated home savings accounts will be harmonized during 2010.

Other restatements

The review of the classification of the deeply subordinated notes issued by the BFBP and the CNCE did not prompt any restatement, in the light of the legal provisions included in these contracts.

In preparing the pro forma data, the difference in the deferred tax situation of the two groups was examined in the light of the impact of the merger. This review did not prompt a restatement of deferred tax assets or liabilities in the consolidated financial statements of Groupe Banque Populaire or Groupe Caisse d'Epargne for the fiscal year to December 31, 2008.

12.4 PRO FORMA INCOME STATEMENT FOR FISCAL 2008

On the basis of historical data, the pro forma income statement for fiscal 2008 has the following structure:

in millions of euros *Fiscal 2008*	Groupe Banque Populaire	Groupe Caisse d'Epargne	Restatements	Pro forma Groupe BPCE
Net banking income	**7,253**	**8,409**	**434**	**16,096**
Operating expenses	(6,285)	(8,613)	(1,439)	(16,337)
Gross operating income	**968**	**(204)**	**(1,005)**	**(241)**
Cost of risk	(1,204)	(1,441)	(501)	(3,146)
Operating income	**(236)**	**(1,645)**	**(1,506)**	**(3,387)**
Share of income/(loss) of associates	128	211	(155)	184
Gains or losses on other assets	143	19	221	383
Losses arising from the CNCE market incident		(752)		(752)
Change in the value of goodwill	(324)	(636)	792	(168)
Income taxes	(139)	801	382	1,044
Net income	**(428)**	**(2,002)**	**(266)**	**(2,696)**
Minority interests	(40)	(12)	901	849
Net income attributable to the group	**(468)**	**(2,014)**	**635**	**(1,847)**

The main restatements are as follows:

in millions of euros *Fiscal 2008*	Change in the consolidation method used for Natixis	Elimination of the contribution of the CICs	Reclassification of accretion gains	Adjustment of goodwill amortization	Harmonization	Other restatements	Restatements
Net banking income	**835**				**(390)**	**(11)**	**434**
Operating expenses	(1,439)					0	(1,439)
Gross operating income	**(604)**				**(390)**	**(11)**	**(1,005)**
Cost of risk	(517)					16	(501)
Operating income	**(1,121)**				**(390)**	**5**	**(1,506)**
Share of income/(loss) of associates	138	(289)				(4)	(155)
Gains or losses on other assets	28		127			66	221
Losses arising from the CNCE market incident of October 2008	0					0	0
Change in the value of goodwill	(21)		(127)	940		0	792
Income taxes	201				192	(11)	382
Net income	**(775)**	**(289)**	**0**	**940**	**(198)**	**56**	**(266)**
Minority interests	775	128				(2)	901
Net income attributable to the group	**0**	**(161)**	**0**	**940**	**(198)**	**54**	**635**

The column entitled "Change in consolidation method for Natixis" shows each income statement item taking into account the full contribution of Natixis. This change in presentation does not have any impact on the net income attributable to equity holders of the parent, as 28% of Natixis' net income is apportioned to minority interests.

The column entitled "Cancellation of the contribution of CICs" (cooperative investment certificates) corresponds to the cancellation of the contribution of the Banque Populaire banks and the Caisses d'Epargne pursuant to the consolidation of Natixis.

The column entitled "Harmonization" predominantly reflects the harmonization of methods used to extract embedded derivatives from certain structured products.

12.5 PRO FORMA BALANCE SHEET AT DECEMBER, 31 2008

On the basis of historical data, the pro forma balance sheet has the following structure:

in millions of euros *December 31, 2008*	Groupe Banque Populaire	Groupe Caisse d'Epargne	Restatements	Pro forma Groupe BPCE
Cash and amounts due from central banks	4,716	13,951	500	19,167
Financial assets at fair value through profit or loss	120,227	110,723	73,780	304,730
Hedging derivatives	809	7,357	(2,764)	5,402
Available-for-sale financial assets	21,333	36,701	1,271	59,305
Loans and receivables due from credit institutions	44,075	134,382	(23,187)	155,270
Loans and receivables due from customers	182,205	297,539	32,619	512,363
Revaluation differences on portfolios hedged against interest-rate risk	29	1,917	(1)	1,945
Held-to-maturity financial assets	2,248	5,178	1,741	9,167
Current income tax assets	447	819	94	1,360
Deferred income tax assets	1,543	3,031	562	5,136
Accrued income and other assets	15,651	26,558	7,228	49,437
Deferred profit sharing	0	0	1,153	1,153
Investments in associates	2,188	3,293	(3,377)	2,104
Investment property	579	1,807	200	2,586
Property, plant and equipment	2,059	2,916	144	5,119
Intangible assets	1,085	737	204	2,026
Goodwill	4,395	2,847	167	7,409
TOTAL ASSETS	**403,589**	**649,756**	**90,334**	**1,143,679**

in millions of euros *December 31, 2008*	Groupe Banque Populaire	Groupe Caisse d'Epargne	Restatements	Pro forma Groupe BPCE
Amounts due to central banks	299	308	236	843
Financial liabilities at fair value through profit or loss	106,720	101,522	65,634	273,876
Hedging derivatives	848	7,431	(2,064)	6,215
Amounts due to credit institutions	66,539	81,308	(11,591)	136,256
Amounts due to customers	126,588	227,736	16,729	371,053
Debt securities	42,808	158,182	6,844	207,834
Revaluation differences on portfolios hedged against interest-rate risk	153	908	116	1,177
Current income tax liabilities	302	89	(35)	356
Deferred income tax liabilities	490	863	(99)	1,254
Accrued expenses and sundry liabilities	13,835	24,084	6,517	44,436
Technical reserves of insurance companies	15,753	12,542	9,809	38,104
Provisions	1,893	2,683	466	5,042
Subordinated debt	7,182	13,696	1,144	22,022
Consolidated equity	19,657	16,564	(4,708)	31,513
Minority interests	522	1,840	1,336	3,698
TOTAL LIABILITIES AND EQUITY	**403,589**	**649,756**	**90,334**	**1,143,679**

The main restatements are as follows:

in millions of euros *December 31, 2008*	Change in the consolidation method used for Natixis	Goodwill arising from Natixis	Equity accounting of CICs	CICs held in treasury	Commitment to buy NGAM shares	Harmonization of the extraction of embedded derivatives	Reclassifications	Reciprocal transactions	Other restatements	Restatements
Cash and amounts due from central banks	500								0	500
Financial assets at fair value through profit or loss	81,205					5		(7,100)	(330)	73,780
Hedging derivatives	143							(2,859)	(48)	(2,764)
Available-for-sale financial assets	8,792							(7,605)	84	1,271
Loans and receivables due from credit institutions	18,651					(5)		(41,915)	82	(23,187)
Loans and receivables due from customers	32,882					(51)	348	(425)	(135)	32,619
Revaluation differences on portfolios hedged against interest-rate risk	0							0	(1)	(1)
Held-to-maturity financial assets	1,824							(82)	(1)	1,741
Current income tax assets	113							0	(19)	94
Deferred income tax assets	626					126	(247)	0	57	562
Accrued income and other assets	9,212						(1,273)	(745)	34	7,228
Deferred profit sharing	0						1,153		0	1,153
Investments in associates	2,651		(3,417)	(2,615)					4	(3,377)
Investment property	289								(89)	200
Property, plant and equipment	184								(40)	144
Intangible assets	204								0	204
Goodwill	803	(970)			466				(132)	167
TOTAL ASSETS	**158,079**	**(970)**	**(3,417)**	**(2,615)**	**466**	**75**	**(19)**	**(60,731)**	**(534)**	**90,334**

in millions of euros December 31, 2008	Change in the consolidation method used for Natixis	Goodwill arising from Natixis	Equity accounting of CICs	CICs held in treasury	Commitment to buy NGAM shares	Harmonization of the extraction of embedded derivatives	Reclassifications	Reciprocal transactions	Other restatements	Restatements
Amounts due to central banks	236								0	236
Financial liabilities at fair value through profit or loss	78,328					315		(12,791)	(218)	65,634
Hedging derivatives	74							(2,289)	151	(2,064)
Amounts due to credit institutions	27,476							(39,117)	50	(11,591)
Amounts due to customers	16,719						327	(227)	(90)	16,729
Debt securities	9,843							(2,757)	(242)	6,844
Revaluation differences on portfolios hedged against interest-rate risk	116								0	116
Current income tax liabilities	96		13				(222)		78	(35)
Deferred income tax liabilities	193						(247)	0	(45)	(99)
Accrued expenses and sundry liabilities	6,583				653		(99)	(657)	37	6,517
Technical reserves of insurance companies	9,545								264	9,809
Provisions	358						222		(114)	466
Subordinated debt	3,877							(2,893)	160	1,144
Consolidated equity		(970)	(3,430)		39	(240)		0	(107)	(4,708)
Minority interests	4,635			(2,615)	(226)				(458)	1,336
TOTAL LIABILITIES AND EQUITY	**158,079**	**(970)**	**(3,417)**	**(2,615)**	**466**	**75**	**(19)**	**(60,731)**	**(534)**	**90,334**

The change in consolidation method for Natixis led to the inclusion of the portion of the balance sheet relating to Natixis' minority shareholders (28%), representing an amount of €158 billion.

In accordance with the historic cost convention, unimpaired goodwill previously recognized by the BFBP and the CNCE when Natixis was established was eliminated.

The definition of the consolidating entity of the Caisse d'Epargne-Banque Populaire group had the following consequences:

- the cancellation of the equity accounting of the cooperative investment certificates (CIC) issued by the Caisses d'Epargne and included in Groupe Banque Populaire's consolidated financial statements via Natixis; and

- the cancellation of the equity accounting of the cooperative investment certificates (CIC) issued by the Banque Populaire banks and included in Groupe Caisse d'Epargne's consolidated financial statements via Natixis.

The change in consolidation method for Natixis led automatically to the recognition of an additional 28% share, attributable to minority interests, of the equity value of the cooperative investment certificates issued by the Banque Populaire banks and the Caisses d'Epargne. Following the definition of the consolidating entity, this portion, representing treasury shares, was eliminated in exchange for the minority interests.

The column entitled "Put option on NGAM shares" relates to the review of the accounting treatment of the put option on 11% of the share capital of NGAM given to CNP Assurances and written by the CNCE (see above).

The harmonization of the methods used to extract embedded derivatives from certain structured products had a net impact on equity of €240 million.

Following the change in consolidation method for Natixis, reciprocal transactions previously eliminated at a rate of 36% from the financial statements of Groupe Banque Populaire and Groupe Caisse d'Epargne were fully eliminated, thereby reducing the total assets by close to €61 billion.

Note 13 Scope of consolidation

13.1 CHANGES IN SCOPE OF CONSOLIDATION DURING FISCAL 2009

The main changes in the scope of consolidation during fiscal 2009 are presented below:

Full ownership of the capital of Crédit Foncier

CE Participations acquired from Nexity its interest in the capital of Crédit Foncier, *i.e.*, a 23% stake for €540 million. Upon completion of this transaction, the Group's percentage interest in Crédit Foncier stood at 100% compared with 86% at December 31, 2008. Since this transaction was a reclassification of investments by fully consolidated entities, the impact on the Group's consolidated financial statements was not material.

Sale of a 35% interest in the capital of CACEIS

Natixis sold a 35% interest in CACEIS to Crédit Agricole SA for €595 million in cash. Upon completion of this disposal on June 30, 2009, Natixis still held an interest of 15% in the capital of CACEIS.

Full ownership of the capital of Natixis Global Asset Management

During the fourth quarter of 2009, CNP Assurances exercised its option to sell to CE Participations its interest in the capital of Natixis Global Asset Management, representing 11% of the entity's capital. In turn, Natixis acquired these shares from CE Participations, lifting its interest in Natixis Global Asset Management to 100%. These transactions had no impact on the consolidated financial statements since the commitment to purchase the securities was recognized when BPCE was formed.

Other movements

Portzamparc, a subsidiary of Banque Populaire Atlantique, is now accounted for under the equity method following a sale of shares.

The Cristalys securitized debt fund (FCC) was deconsolidated.

Banque Commerciale Internationale, located in Congo, previously held by the Congo government, 100% purchased by BPCE SA and primarily active in SME financing, is now fully consolidated.

13.2 SPECIAL-PURPOSE ENTITIES

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.

The Group grants a capital or performance guarantee to certain mutual funds. 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.

Non-guaranteed mutual funds

The management role of the asset management company does not transfer the majority of the risks and benefits of a fund. The criteria laid down in the SIC 12 interpretation must be assessed on the basis of the investments held in funds. Where the Group holds a majority shareholding in a fund, it is exposed to the majority of risks and enjoys the majority of the rewards. As a result, these mutual funds are consolidated. At December 31, 2009, the Groupe BPCE consolidated majority-owned mutual funds, notably including the Delessert fund and the Aew Foncière Ecureuil SPPICAV.

Real-estate and other funds

The analysis of the criteria laid down in SIC 12 is therefore conducted with respect to the Group's percentage interest in these funds.

At December 31, 2009, the Groupe BPCE consolidated the EPI SLP real estate fund managed by the Natixis Global Asset Management group, as well as ten other real estate funds in which Group entities hold a majority interest.

In addition, the Group fully consolidates several funds managed as part of its asset management activities and in which it holds a majority interest.

Special-purpose entities in the Life Insurance business

The life insurance subsidiaries hold units in mutual funds and interests in non-trading real estate companies (SCIs) representing their investments. At December 31, 2009, five funds in which the Group held a majority interest and material in nature were consolidated.

Special-purpose entities in the Credit Insurance business

Through credit insurance operations, the Group insures receivables securitized by a third party and sold to investors via a special-purpose entity over and above a certain level of loss, but plays no role in their operational management. Based on the criteria laid down in SIC 12, the Group cannot be regarded as holding substantially all the risks and rewards of ownership of these entities, and so they are not consolidated.

Special-purpose entities in the Private Equity business

As part of its private equity activities, the Group invests in the equity of unlisted companies through venture capital funds (FCPRs), venture capital investment companies (SICARs) and limited partnerships. Based on the criteria laid down in SIC 12, the Group consolidated four funds at December 31, 2009 (including three subject to negotiations with a view to their sale since February 2010).

Special-purpose entities in the Structured financing business

As part of its project, equipment, real estate and LBO financing activities, the Group sets up special-purpose entities carrying specific financing transactions on behalf of customers. Based on the criteria laid down in SIC 12, the Group did not consolidate any of these entities at December 31, 2009.

Special-purpose entities in the Financial Engineering business

At December 31, 2009, based on the criteria laid down in SIC 12, the Group consolidated four special-purpose entities used in connection with its financial engineering activities (conversion of debt instruments into equity instruments).

Securitization transactions

Securitization is a financing technique that aims 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.

The Groupe BPCE is active in transactions involving securitization vehicles, where they act as:

- a structurer of transactions on behalf of customers or investors;
- a sponsor of securitization conduits;
- originators of securities or loans held pending securitization;
- a credit risk intermediary.

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 securitization transactions by the Crédit Foncier group are effected for its own account as part of its asset-liability management activities in order to obtain refinancing on the market on favorable terms. This refinancing is organized chiefly by two specialized subsidiaries, namely 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 assets	Year of inception	Expected maturity	Nominal at inception	Balance at 12/31/2009
1/ Vauban Mobilisations Garanties' refinancing					
Partimmo June 2000	Residential mortgage loans	06/30/2000	July 2019	1,847	218
Partimmo Oct. 2001	Residential mortgage loans	10/29/2001	October 2035	1,663	322
Partimmo July 2002	Residential mortgage loans	07/10/2002	July 2039	1,222	296
Partimmo Oct. 2002	Residential mortgage loans	11/12/2002	January 2022	707	173
Partimmo May 2003	Residential mortgage loans	06/11/2003	July 2021	987	332
Partimmo Nov. 2003	Residential mortgage loans	11/12/2003	March 2029	1,045	360
Sub-total Partimmo				*7,471*	*1,701*
Zèbre 1	Residential mortgage loans	11/25/2004	October 2031	1,173	420
Zèbre two	Residential mortgage loans	10/28/2005	July 2024	739	351
Zèbre 2006-1	Residential mortgage loans	11/28/2006	January 2046	689	448
Sub-total Zèbre				*2,601*	*1,219*
				10,072	*2,920*
2/ Compagnie de Financement Foncier's refinancing					
Antilope 1	Residential mortgage loans	09/20/2004	September 2041	1,230	563
Antilope 2	Residential mortgage loans	09/23/2005	March 2044	1,752	997
				2,982	*1,560*
				2,982	*1,560*
3/ Crédit Foncier de France's refinancing					
Zèbre 2008-1	Residential mortgage loans	11/13/2008	December 2055	3,180	2,681
				3,180	*2,681*
				3,180	***2,681***
TOTAL				**16,234**	**7,161**

Natixis:

At December 31, 2009, the liquidity lines granted by the Natixis group to securitization vehicles amounted to €5.3 billion.

13.3 SCOPE OF CONSOLIDATION AT DECEMBER 31, 2009

Only those subsidiaries providing a material contribution are consolidated. Materiality is assessed for consolidated entities based on the principle of ascending materiality. In other words, any entity included at a sub-consolidation level is included at all higher consolidation levels, even if it is not material at those levels.

Company	December 31, 2009 Location[a]	Percentage ownership	Percentage control	Method of accounting[b]
I) CONSOLIDATING ENTITY				
I-1 Banque Populaire banks				
BANQUE POPULAIRE D'ALSACE	FR	100.00%	100.00%	FC
BANQUE POPULAIRE ATLANTIQUE	FR	100.00%	100.00%	FC
BANQUE POPULAIRE BOURGOGNE FRANCHE-COMTÉ	FR	100.00%	100.00%	FC
BANQUE POPULAIRE CENTRE ATLANTIQUE	FR	100.00%	100.00%	FC
BANQUE POPULAIRE DE LA CÔTE D'AZUR	FR	100.00%	100.00%	FC
BANQUE POPULAIRE LOIRE ET LYONNAIS	FR	100.00%	100.00%	FC
BANQUE POPULAIRE DE L'OUEST	FR	100.00%	100.00%	FC
BANQUE POPULAIRE DES ALPES	FR	100.00%	100.00%	FC
BANQUE POPULAIRE DU MASSIF CENTRAL	FR	100.00%	100.00%	FC
BANQUE POPULAIRE DU NORD	FR	100.00%	100.00%	FC
BANQUE POPULAIRE DU SUD	FR	100.00%	100.00%	FC
BANQUE POPULAIRE DU SUD-OUEST	FR	100.00%	100.00%	FC
BANQUE POPULAIRE LORRAINE CHAMPAGNE	FR	100.00%	100.00%	FC
BANQUE POPULAIRE OCCITANE	FR	100.00%	100.00%	FC
BANQUE POPULAIRE PROVENÇALE ET CORSE	FR	100.00%	100.00%	FC
BANQUE POPULAIRE RIVES DE PARIS	FR	100.00%	100.00%	FC
BANQUE POPULAIRE VAL DE FRANCE	FR	100.00%	100.00%	FC
BRED - BANQUE POPULAIRE	FR	100.00%	100.00%	FC
CASDEN - BANQUE POPULAIRE	FR	100.00%	100.00%	FC
CREDIT COOPERATIF	FR	100.00%	100.00%	FC
I-2 Caisses d'Epargne				
CAISSE D'EPARGNE AQUITAINE POITOU-CHARENTE	FR	100.00%	100.00%	FC
CAISSE D'EPARGNE BRETAGNE-PAYS DE LA LOIRE	FR	100.00%	100.00%	FC
CAISSE D'EPARGNE CÔTE D'AZUR	FR	100.00%	100.00%	FC
CAISSE D'EPARGNE D'ALSACE	FR	100.00%	100.00%	FC
CAISSE D'EPARGNE D'AUVERGNE ET DU LIMOUSIN	FR	100.00%	100.00%	FC
CAISSE D'EPARGNE DE BOURGOGNE ET FRANCHE-COMTÉ	FR	100.00%	100.00%	FC
CAISSE D'EPARGNE DE LORRAINE CHAMPAGNE-ARDENNE	FR	100.00%	100.00%	FC
CAISSE D'EPARGNE DE MIDI-PYRÉNÉES	FR	100.00%	100.00%	FC
CAISSE D'EPARGNE DE PICARDIE	FR	100.00%	100.00%	FC
CAISSE D'EPARGNE ÎLE-DE-FRANCE	FR	100.00%	100.00%	FC
CAISSE D'EPARGNE LANGUEDOC-ROUSSILLON	FR	100.00%	100.00%	FC
CAISSE D'EPARGNE LOIRE-CENTRE	FR	100.00%	100.00%	FC
CAISSE D'EPARGNE LOIRE DRÔME ARDÈCHE	FR	100.00%	100.00%	FC

	December 31, 2009			
Company	Location[a]	Percentage ownership	Percentage control	Method of accounting[b]
CAISSE D'EPARGNE NORD FRANCE EUROPE	FR	100.00%	100.00%	FC
CAISSE D'EPARGNE NORMANDIE	FR	100.00%	100.00%	FC
CAISSE D'EPARGNE PROVENCE-ALPES-CORSE	FR	100.00%	100.00%	FC
CAISSE D'EPARGNE RHÔNE ALPES	FR	100.00%	100.00%	FC
I-3 BPCE SA				
BPCE SA	FR	100.00%	100.00%	FC
I-4 Mutual Guarantee Companies				
FOREST MASSIF CENTRAL	FR	100.00%	100.00%	FC
FORESTIERS LORRAINE	FR	100.00%	100.00%	FC
HABITAT RIVES DE PARIS	FR	100.00%	100.00%	FC
SOCACEF BAS RHIN	FR	100.00%	100.00%	FC
SOCACEF MASSIF CENTRAL	FR	100.00%	100.00%	FC
SOCACEF NORD	FR	100.00%	100.00%	FC
SOCAMA ARIEGE	FR	100.00%	100.00%	FC
SOCAMA ATLANTIQUE	FR	100.00%	100.00%	FC
SOCAMA AUDE	FR	100.00%	100.00%	FC
SOCAMA BAS RHIN	FR	100.00%	100.00%	FC
SOCAMA BOUCHES DU RHÔNE	FR	100.00%	100.00%	FC
SOCAMA BOURGOGNE FRANCHE COMTÉ	FR	100.00%	100.00%	FC
SOCAMA BRED IDF	FR	100.00%	100.00%	FC
SOCAMA CENTRE ATLANTIQUE	FR	100.00%	100.00%	FC
SOCAMA CHAMPAGNE	FR	100.00%	100.00%	FC
SOCAMA CORSE	FR	100.00%	100.00%	FC
SOCAMA CÔTE D'AZUR	FR	100.00%	100.00%	FC
SOCAMA DES ALPES	FR	100.00%	100.00%	FC
SOCAMA DU MIDI	FR	100.00%	100.00%	FC
SOCAMA HAUT RHIN	FR	100.00%	100.00%	FC
SOCAMA LOIRE ET LYONNAIS	FR	100.00%	100.00%	FC
SOCAMA LORRAINE	FR	100.00%	100.00%	FC
SOCAMA MASSIF CENTRAL	FR	100.00%	100.00%	FC
SOCAMA MIDI PYRÉNÉES OUEST	FR	100.00%	100.00%	FC
SOCAMA NORD	FR	100.00%	100.00%	FC
SOCAMA NORMANDIE	FR	100.00%	100.00%	FC
SOCAMA OCCITANE	FR	100.00%	100.00%	FC
SOCAMA OUEST	FR	100.00%	100.00%	FC
SOCAMA RIVES DE PARIS	FR	100.00%	100.00%	FC

	December 31, 2009			
Company	Location[a]	Percentage ownership	Percentage control	Method of accounting[b]
SOCAMA ROUSSILLON	FR	100.00%	100.00%	FC
SOCAMA SUD OUEST	FR	100.00%	100.00%	FC
SOCAMA VAL DE FRANCE	FR	100.00%	100.00%	FC
SOCAMA VAUCLUSE	FR	100.00%	100.00%	FC
SOCAMI ALSACE	FR	100.00%	100.00%	FC
SOCAMI ATLANTIQUE	FR	100.00%	100.00%	FC
SOCAMI AUDE ARIÈGE	FR	100.00%	100.00%	FC
SOCAMI BOURGOGNE FRANCHE-COMTÉ	FR	100.00%	100.00%	FC
SOCAMI CENTRE ATLANTIQUE	FR	100.00%	100.00%	FC
SOCAMI CÔTE D'AZUR	FR	100.00%	100.00%	FC
SOCAMI DES ALPES	FR	100.00%	100.00%	FC
SOCAMI DU MIDI	FR	100.00%	100.00%	FC
SOCAMI DU SUD-OUEST	FR	100.00%	100.00%	FC
SOCAMI LOIRE ET LYONNAIS	FR	100.00%	100.00%	FC
SOCAMI LORRAINE CHAMPAGNE	FR	100.00%	100.00%	FC
SOCAMI MASSIF CENTRAL	FR	100.00%	100.00%	FC
SOCAMI NORD	FR	100.00%	100.00%	FC
SOCAMI OCCITANE	FR	100.00%	100.00%	FC
SOCAMI OUEST	FR	100.00%	100.00%	FC
SOCAMI PROVENCE ET CORSE	FR	100.00%	100.00%	FC
SOCAMI PYRÉNÉES ORIENTALES	FR	100.00%	100.00%	FC
SOCAMI VAL DE FRANCE	FR	100.00%	100.00%	FC
SOCAMMES	FR	100.00%	100.00%	FC
SOCAMUPROLOR	FR	100.00%	100.00%	FC
SOCAUPROMI ALSACE	FR	100.00%	100.00%	FC
SOFRONTA	FR	100.00%	100.00%	FC
SOPROLIB DES ALPES	FR	100.00%	100.00%	FC
SOPROLIB FRANCHE-COMTÉ	FR	100.00%	100.00%	FC
SOPROLIB LORRAINE	FR	100.00%	100.00%	FC
SOPROLIB NORD	FR	100.00%	100.00%	FC
SOPROLIB SUD-OUEST	FR	100.00%	100.00%	FC
I-5 Affiliated institutions				
CAISSE RÉGIONALE BRETAGNE NORMANDIE	FR	100.00%	100.00%	FC
CAISSE RÉGIONALE CREDIT MARITIME ATLANTIQUE	FR	100.00%	100.00%	FC
CAISSE RÉGIONALE DE MÉDITÉRRANÉE	FR	100.00%	100.00%	FC
CAISSE RÉGIONALE REGION NORD	FR	100.00%	100.00%	FC

	December 31, 2009			
Company	Location[(a)]	Percentage ownership	Percentage control	Method of accounting[(b)]
CAISSE RÉGIONALE SUD-OUEST	FR	100.00%	100.00%	FC
CRÉDIT MARITIME OUTRE-MER	FR	100.00%	100.00%	FC
II) ASSOCIATED INSTITUTIONS				
CMGM	FR	3.18%	100.00%	FC
EDEL	FR	33.94%	100.00%	FC
GEDEX DISTRIBUTION	FR	-	100.00%	FC
MONINFO	FR	33.91%	100.00%	FC
NORD FINANCEMENT	FR	0.93%	100.00%	FC
SOCIÉTÉ FINANCIÈRE DE LA NEF	FR	3.57%	100.00%	FC
SOCOREC	FR	-	100.00%	FC
SOFIGARD	FR	0.28%	100.00%	FC
SOFINDI	FR	5.02%	100.00%	FC
SOFIRIF	FR	16.94%	100.00%	FC
SOFISCOP	FR	1.70%	100.00%	FC
SOFISCOP SUD-EST	FR	3.79%	100.00%	FC
SOMUDIMEC	FR	0.30%	100.00%	FC
SOMUPACA	FR	1.46%	100.00%	FC
III) SUBSIDIARIES				
III-1 - Subsidiaries of Banque Populaire banks				
ATLANTIQUE PLUS	FR	100.00%	100.00%	FC
BANQUE CALÉDONIENNE D'INVESTISSEMENT	FR	49.90%	49.90%	EQ
BANQUE CHAIX	FR	100.00%	100.00%	FC
BANQUE DE SAVOIE	FR	100.00%	100.00%	FC
BANQUE DUPUY, DE PARSEVAL	FR	100.00%	100.00%	FC
BANQUE MARZE	FR	100.00%	100.00%	FC
BANQUE MONÉTAIRE ET FINANCIÈRE	FR	100.00%	100.00%	FC
BANQUE PELLETIER	FR	100.00%	100.00%	FC
BATINOREST	FR	94.88%	94.88%	FC
BATINOREST BAIL	FR	94.88%	100.00%	FC
BCI MER ROUGE	DJ	51.00%	51.00%	FC
BERCY GESTION FINANCE	FR	99.96%	99.96%	FC
BERCY PATRIMOINE	FR	100.00%	100.00%	FC
BGF+	FR	100.00%	100.00%	FC
BIC BRED	FR	99.95%	99.95%	FC
B-PROCESS	FR	49.88%	49.88%	EQ
BRED COFILEASE	FR	100.00%	100.00%	FC

Company	Location[a]	December 31, 2009 Percentage ownership	Percentage control	Method of accounting[b]
BRED GESTION	FR	100.00%	100.00%	FC
BRED VANUATU	VA	85.00%	85.00%	FC
BTP BANQUE	FR	99.95%	99.95%	FC
BTP CAPITAL CONSEIL	FR	99.95%	99.95%	FC
BTP CAPITAL INVESTISSEMENT	FR	79.42%	79.42%	FC
CAISSE DE GARANTIE IMMOB. DU BATIMENT	FR	33.40%	33.40%	EQ
CAISSE SOLIDAIRE	FR	59.49%	100.00%	FC
CAPI COURT TERME N°1	FR	100.00%	100.00%	FC
CERIUS INVESTISSEMENTS	FR	99.45%	100.00%	FC
CLICK AND TRUST	FR	100.00%	100.00%	FC
COFEG	FR	99.94%	99.94%	FC
COFIBRED	FR	100.00%	100.00%	FC
COOPEST	BE	43.88%	43.88%	EQ
CRÉDIT COMMERCIAL DU SUD-OUEST	FR	100.00%	100.00%	FC
CREPONORD	FR	100.00%	100.00%	FC
DE PORTZAMPARC	FR	23.53%	23.53%	EQ
ECOFI INVESTISSEMENT	FR	100.00%	100.00%	FC
ESFIN	FR	37.58%	37.58%	EQ
EURO CAPITAL	FR	62.67%	100.00%	FC
EXPANSINVEST	FR	100.00%	100.00%	FC
FCC AMAREN II	FR	100.00%	100.00%	FC
FCC ELIDE	FR	100.00%	100.00%	FC
FINANCIÈRE DE LA BP OCCITANE	FR	100.00%	100.00%	FC
FINANCIÈRE PARTICIPATION BPS	FR	100.00%	100.00%	FC
FONCIÈRE DU VANUATU	VA	100.00%	100.00%	FC
FONCIÈRE VICTOR HUGO	FR	100.00%	100.00%	FC
GARIBALDI CAPITAL DÉVELOPPEMENT	FR	100.00%	100.00%	FC
GC2I INVESTISSEMENT	FR	100.00%	100.00%	FC
GIE CARSO MATÉRIEL	FR	100.00%	100.00%	FC
GIE LIVE ACHATS	FR	100.00%	100.00%	FC
GIE USC	FR	100.00%	100.00%	FC
GROUPEMENT DE FAIT	FR	100.00%	100.00%	FC
IBP INVESTISSEMENT	FR	100.00%	100.00%	FC
INFORMATIQUE BANQUE POPULAIRE BANKS	FR	100.00%	100.00%	FC
INGÉNIERIE ET DÉVELOPPEMENT	FR	100.00%	100.00%	FC
INTERCOOP	FR	100.00%	100.00%	FC

Company	December 31, 2009			
	Location(a)	Percentage ownership	Percentage control	Method of accounting(b)
INTERCOP LOCATION	FR	89.50%	89.50%	FC
LFI4	FR	100.00%	100.00%	FC
LUDOVIC DE BESSE	FR	100.00%	100.00%	FC
LUX EQUIP BAIL	LU	100.00%	100.00%	FC
NJR INVEST	FR	100.00%	100.00%	FC
OUEST CROISSANCE SCR	FR	99.89%	99.89%	FC
PARNASSE FINANCES	FR	100.00%	100.00%	FC
PARTICIPATIONS BPSO	FR	100.00%	100.00%	FC
PLUSEXPANSION	FR	100.00%	100.00%	FC
PREPAR COURTAGE	FR	99.40%	99.40%	FC
PREPAR-IARD	FR	99.98%	99.98%	FC
PREPAR-VIE	FR	99.87%	99.87%	FC
PROMEPAR	FR	99.95%	99.95%	FC
SAS ALPES DÉVELOPPEMENT DURABLE INVESTISSEMENT	FR	100.00%	100.00%	FC
SAS PERSPECTIVES ET PARTICIPATIONS	FR	100.00%	100.00%	FC
SAS SOCIÉTARIAT BP LORRAINE CHAMPAGNE	FR	100.00%	100.00%	FC
SASU BFC CROISSANCE	FR	100.00%	100.00%	FC
SAVOISIENNE	FR	100.00%	100.00%	FC
SBE	FR	100.00%	100.00%	FC
SCI BPSO	FR	100.00%	100.00%	FC
SCI du CRÉDIT COOPÉRATIF	FR	100.00%	100.00%	FC
SCI FAIDHERBE	FR	100.00%	100.00%	FC
SCI SAINT-DENIS	FR	100.00%	100.00%	FC
SEGIMLOR	FR	100.00%	100.00%	FC
SGTI	FR	100.00%	100.00%	FC
SIMC	FR	100.00%	100.00%	FC
SMI	FR	100.00%	100.00%	FC
SOCIÉTARIAT BP BOURGOGNE FRANCHE-COMTÉ	FR	100.00%	100.00%	FC
SOCIÉTARIAT BP CENTRE ATLANTIQUE	FR	100.00%	100.00%	FC
SOCIÉTARIAT BP CÔTE D'AZUR	FR	100.00%	100.00%	FC
SOCIÉTARIAT BP D'ALSACE	FR	100.00%	100.00%	FC
SOCIÉTARIAT BP DE L'OUEST	FR	100.00%	100.00%	FC
SOCIÉTARIAT BP DES ALPES	FR	100.00%	100.00%	FC
SOCIÉTARIAT BP DU NORD	FR	100.00%	100.00%	FC
SOCIÉTARIAT BP LOIRE ET LYONNAIS	FR	100.00%	100.00%	FC
SOCIÉTARIAT BP MASSIF CENTRAL	FR	100.00%	100.00%	FC

	December 31, 2009			
Company	Location[a]	Percentage ownership	Percentage control	Method of accounting[b]
SOCIÉTARIAT BP OCCITANE	FR	100.00%	100.00%	FC
SOCIÉTARIAT BP PROVENÇALE ET CORSE	FR	100.00%	100.00%	FC
SOCIÉTARIAT BP RIVES DE PARIS	FR	100.00%	100.00%	FC
SOCIÉTARIAT BP SUD	FR	100.00%	100.00%	FC
SOCIÉTARIAT BP SUD-OUEST	FR	100.00%	100.00%	FC
SOCIÉTARIAT BP VAL DE FRANCE	FR	100.00%	100.00%	FC
SOCIÉTARIAT CRÉDIT COOPÉRATIF/BP	FR	100.00%	100.00%	FC
SOCIÉTÉ CENTRALE DU Crédit Maritime Mutuel	FR	100.00%	100.00%	FC
SOCIÉTÉ D'EXPANSION BOURGOGNE FRANCHE-COMTÉ	FR	100.00%	100.00%	FC
SOCIÉTÉ IMMOBILIERE PROVENÇALE ET CORSE	FR	100.00%	100.00%	FC
SOCREDO BANQUE POLYNÉSIENNE	FR	15.00%	15.00%	EQ
SOFIAG	FR	100.00%	100.00%	FC
SOFIDER	FR	100.00%	100.00%	FC
SPGRES	FR	100.00%	100.00%	FC
SPIG	FR	100.00%	100.00%	FC
SUD PARTICIPATION	FR	100.00%	100.00%	FC
TISE	PL	100.00%	100.00%	FC
TRANSIMMO	FR	100.00%	100.00%	FC
VECTEUR	FR	100.00%	100.00%	FC
VIALINK	FR	100.00%	100.00%	FC
III-2 - Caisses d'Epargne subsidiaries				
AUTO LOCATION TOULOUSE	FR	100.00%	100.00%	FC
BANQUE BCP S.A.S	FR	80.10%	80.10%	FC
BATIMAP	FR	92.63%	95.44%	FC
BATIMUR	FR	97.05%	100.00%	FC
BATIROC BRETAGNE-PAYS DE LOIRE	FR	99.97%	99.97%	FC
BEAULIEU IMMO	FR	100.00%	100.00%	FC
CAPITOLE FINANCE	FR	100.00%	100.00%	FC
CEBIM	FR	100.00%	100.00%	FC
CELIMMO SARL	FR	100.00%	100.00%	FC
CENTRE DE RELATION CLIENT DIRECT ECUREUIL BOURGOGNE FRANCHE-COMTÉ	FR	100.00%	100.00%	FC
ECUREUIL LEASE	FR	99.95%	100.00%	FC
ECUREUIL NÉGOCE	FR	100.00%	100.00%	FC
ECUREUIL SERVICE	FR	100.00%	100.00%	FC
EXPANSO	FR	91.16%	91.16%	FC

Company	Location[(a)]	December 31, 2009 Percentage ownership	Percentage control	Method of accounting[(b)]
EXPANSO CAPITAL	FR	91.16%	100.00%	FC
EXPANSO INVESTISSEMENTS	FR	99.55%	99.55%	FC
GCE CAR LEASE	FR	100.00%	100.00%	FC
GCE TECHNOLOGIE	FR	99.14%	100.00%	FC
GIE CANAL ECUREUIL	FR	100.00%	100.00%	FC
GIE GCE GARANTIE	FR	100.00%	100.00%	FC
GIE GCE BUSINESS SERVICES	FR	100.00%	100.00%	FC
MIDI FONCIÈRE	FR	100.00%	100.00%	FC
MURACEF	FR	100.00%	0.00%	FC
OPCI IMMO D'EXPLOITATION	FR	100.00%	100.00%	FC
PHILAE SAS	FR	100.00%	100.00%	FC
SAS FONCIÈRE DES CE	FR	100.00%	100.00%	FC
SAS FONCIÈRE ECUREUIL	FR	100.00%	100.00%	FC
SAS FONCIERE ECUREUIL II	FR	76.80%	100.00%	FC
SCI FONCIÈRE 1	FR	100.00%	100.00%	FC
SCI FONCIÈRE 2	FR	100.00%	100.00%	FC
SCI TOURNON	FR	100.00%	100.00%	FC
SEBADOUR	FR	80.41%	84.05%	FC
SODERO	FR	100.00%	100.00%	FC
SOREPAR	FR	100.00%	100.00%	FC
SPPICAV AEW FONCIÈRE ECUREUIL	FR	100.00%	92.55%	FC
SUD-OUEST BAIL	FR	91.16%	100.00%	FC
SURASSUR	FR	87.39%	86.08%	FC
TOFINSO INVESTISSEMENTS	FR	100.00%	100.00%	FC
VIVALIS INVESTISSEMENTS	FR	100.00%	100.00%	FC
III-3 - BPCE SA subsidiaries				
BCI BQ COMMERCIALE INTER.	CG	100.00%	100.00%	FC
BICEC	CM	59.72%	59.72%	FC
BP COVERED BONDS	FR	100.00%	100.00%	FC
CSF-GCE	FR	96.60%	94.64%	FC
GCE ACHAT	FR	95.97%	100.00%	FC
GCE APS	FR	80.00%	100.00%	FC
GCE ASSURANCE	FR	60.00%	100.00%	FC
GCE COURTAGE	FR	100.00%	100.00%	FC
GCE COVERED BONDS	FR	100.00%	100.00%	FC
GCE DISTRIBUTION	FR	93.41%	100.00%	FC

Company	December 31, 2009			
	Location[a]	Percentage ownership	Percentage control	Method of accounting[b]
GCE PAIEMENTS	FR	100.00%	100.00%	FC
GROUPE NATIXIS [c]	FR	71.67%	71.24%	FC
SOCIETE MARSEILLAISE DE CRÉDIT	FR	100.00%	100.00%	FC
Holassure group				
CNP ASSURANCES (GROUP)	FR	15.76%	15.76%	EQ
HOLASSURE	FR	100.00%	100.00%	FC
SOPASSURE	FR	49.98%	49.98%	PC
Océor group				
AL MANSOUR PALACE MAROC	MA	40.00%	40.00%	EQ
ALYSEOR	NC	98.03%	100.00%	FC
ARAB INTERNATIONAL LEASE	TN	30.00%	50.00%	FC
BANQUE DE LA RÉUNION	FR	88.90%	87.99%	FC
BANQUE DE NOUVELLE-CALÉDONIE	NC	96.07%	100.00%	FC
BANQUE DE TAHITI	FP	96.12%	100.00%	FC
BANQUE DES ANTILLES FRANÇAISES	FR	99.55%	99.22%	FC
BANQUE DES ÎLES SAINT-PIERRE ET MIQUELON	FR	77.35%	98.31%	FC
BANQUE DES MASCAREIGNE	RU	100.00%	100.00%	FC
BANQUE TUNISO KOWEITIENNE	TN	60.00%	60.00%	FC
BCP LUXEMBOURG	LU	80.10%	80.10%	FC
CAISSE D'EPARGNE DE NOUVELLE-CALÉDONIE	NC	100.00%	100.00%	FC
CRÉDIT IMMOBILIER HÔTELIER	MA	23.76%	23.76%	EQ
EL ISTIFA	TN	60.00%	100.00%	IG
FINANCIÈRE OCÉOR	FR	100.00%	100.00%	FC
FRANSA BANK	FR	40.01%	40.01%	EQ
GCE IMMOBILIER MAROC	MA	100.00%	100.00%	FC
GCE MAROC	MA	100.00%	100.00%	FC
GCE SCI	MA	100.00%	100.00%	FC
GIE OCÉOR INFORMATIQUE	FR	95.33%	100.00%	FC
INGEPAR	FR	100.00%	100.00%	FC
MASSIRA CAPITAL MANAGEMENT	MA	35.00%	35.00%	EQ
MEDAI SA	TN	66.99%	100.00%	FC
OCÉOR LEASE	FP	100.00%	100.00%	FC
OCÉOR LEASE NOUMÉA	NC	95.40%	93.35%	FC
OCÉOR LEASE RÉUNION	FR	100.00%	100.00%	FC
OCÉOR LEASE TAHITI	FP	97.48%	100.00%	FC
OCEOR PARTICIPATIONS	FR	100.00%	100.00%	FC

Company	Location[(a)]	December 31, 2009 Percentage ownership	Percentage control	Method of accounting[(b)]
OCEORANE	FR	100.00%	100.00%	FC
SARL RÉSIDENCE DU GOLF DE BOUZNICA BAY	MA	55.00%	55.00%	FC
SKY ELITE TOUR S.A.R.L	MA	51.00%	51.00%	FC
SOCIÉTÉ DE CONSEILS ET D'INTERMÉDIATION FINANCIÈRE	TN	47.98%	79.96%	FC
SOCIÉTÉ DE RECOUVREMENT DE CRÉANCES	TN	60.00%	100.00%	FC
SOCIÉTÉ HAVRAISE CALÉDONIENNE	NC	89.07%	91.83%	FC
SOCIÉTÉ IMMOBILIÈRE ET TOURISTIQUE-LE RIBAT	TN	12.59%	20.99%	EQ
SOCIÉTÉ TUNISIENNE DE PROMOTION DES PÔLES IMMOBILIERS ET INDUSTRIELS	TN	18.00%	29.99%	EQ
SOCIÉTÉ TUNISO-KOWEITIENNE D'EL EMAR-SGT	TN	20.57%	34.29%	EQ
SPCS	TN	18.00%	30.00%	EQ
TUNIS CENTER	TN	13.65%	22.75%	FC
UNIVERS INVEST (SICAR)	TN	51.21%	100.00%	FC
UNIVERS PARTICIPATIONS (SICAF)	TN	59.87%	99.99%	FC
III-4 - BP Participations subsidiaries				
BANQUES POPULAIRES PARTICIPATIONS	FR	100.00%	100.00%	FC
BANKEO	FR	60.00%	60.00%	FC
GROUPE FONCIA[(d)]	FR	100.00%	100.00%	FC
MA BANQUE	FR	65.92%	65.92%	FC
SAS PONANT 2	FR	100.00%	100.00%	FC
SCI PONANT+	FR	100.00%	100.00%	FC
SIBP	FR	100.00%	100.00%	FC
VBI	AT	24.50%	24.50%	EQ
III-5 - CE Participations subsidiaries				
CE PARTICIPATIONS	FR	100.00%	100.00%	FC
GCE CAPITAL	FR	100.00%	100.00%	FC
GCE HABITAT	FR	100.00%	100.00%	FC
GCE IDA 007	FR	100.00%	100.00%	FC
GCE PARTICIPATIONS	FR	100.00%	100.00%	FC
GCE SEM SA	FR	100.00%	100.00%	FC
GROUPE NEXITY[(e)]	FR	40.84%	100.00%	FC
MEILLEUR TAUX	FR	63.23%	100.00%	FC
MIFCOS	FR	100.00%	100.00%	FC
OTEROM HOLDING	FR	63.23%	66.19%	FC
SACOGIVA	FR	45.00%	45.00%	EQ
SAS GCE P.AV IMMOBILIER	FR	100.00%	100.00%	FC

Company	December 31, 2009			
	Location[a]	Percentage ownership	Percentage control	Method of accounting[b]
SASU IGCE	FR	100.00%	100.00%	FC
SOCRAM Banque	FR	33.42%	33.42%	EQ
SOGIMA	FR	55.99%	55.99%	EQ
Credit Foncier group				
CRÉDIT FONCIER DE FRANCE	FR	100.00%	100.00%	FC
BANCO PRIMUS	FR	91.18%	100.00%	FC
CFCAL-BANQUE	FR	69.87%	100.00%	FC
CFCAL-SCF	FR	69.87%	100.00%	FC
CFG CIE FIN DE GARANTIE	FR	99.99%	99.99%	FC
CICOBAIL	FR	95.57%	100.00%	FC
CINERGIE	FR	95.56%	100.00%	FC
COFIMAB	FR	100.00%	100.00%	FC
COMPAGNIE DE FINANCEMENT FONCIER	FR	100.00%	100.00%	FC
ECUFONCIER	FR	100.00%	100.00%	FC
ENVIRONNEMENT TITRISATION ENTENIAL	FR	100.00%	100.00%	FC
FINANCIÈRE DESVIEUX	FR	100.00%	100.00%	FC
FONCIER EXPERTISE	FR	100.00%	99.95%	FC
FONCIER PARTICIPATIONS	FR	100.00%	100.00%	FC
FONCIÈRE D'ÉVREUX	FR	100.00%	100.00%	FC
GCE FONCIER COINVEST	FR	100.00%	100.00%	FC
GRAMAT BALARD	FR	100.00%	100.00%	FC
LOCINDUS	FR	70.43%	70.43%	FC
MAISON FRANCE CONFORT PROU INVESTISSEMENTS	FR	49.00%	49.00%	EQ
QUATRINVEST	FR	100.00%	100.00%	FC
SEREXIM	FR	100.00%	100.00%	FC
SIPARI	FR	100.00%	99.99%	FC
SIRP	FR	100.00%	100.00%	FC
SOCFIM	FR	100.00%	100.00%	FC
SOCFIM PARTICIPATIONS IMMOBILIÉRES	FR	99.00%	100.00%	FC
VENDÔME INVESTISSEMENTS	FR	100.00%	100.00%	FC
VMG	FR	99.99%	99.99%	FC
Banque Palatine group				
BANQUE PALATINE	FR	100.00%	100.00%	FC
BANQUE MICHEL INCHAUSPÉ	FR	20.00%	20.00%	EQ
CONSERVATEUR FINANCE	FR	20.00%	20.00%	EQ

	December 31, 2009			
Company	**Location[(a)]**	**Percentage ownership**	**Percentage control**	**Method of accounting[(b)]**
PALATINE ASSET MANAGEMENT	FR	100.00%	100.00%	FC
ARIES ASSURANCE	FR	100.00%	100.00%	FC
TRUST MISSION	FR	33.37%	50.10%	FC
EUROSIC SICOMI SA	FR	33.01%	33.01%	FC

Comments:

(a) Country of operation: BE: Belgium - CG: Congo - CM: Cameroon - FR: France - LU: Luxembourg - MA: Morocco - NC: New Caledonia - FP: French Polynesia - PL: Poland - MAU: Mauritius - TN: Tunisia - VA: Vanuatu.

(b) Consolidation method
FC: Full consolidation;
EQ: Equity method;
PC: Proportional consolidation.

(c) Natixis group: The Natixis group comprises 352 fully consolidated entities, one proportionally consolidated entity and 229 equity accounted entities. Its principal subsidiaries are as follows: Coface, Natixis Global Asset Management, Natixis North America (NY), Natixis Private Equity and Société Européenne de Caution Mutuelle.

(d) FONCIA group: The Fonica group comprises 248 fully consolidated entities. Of these, 218 are in France, 12 in Germany, six in Belgium and 12 in Switzerland.

(e) Nexity group: The Nexity group comprises 1,603 fully consolidated entities, 113 proportionally consolidated entities and 7 equity accounted entities.

5.1.7 Statutory Auditors' report on the consolidated financial statements

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.

Year ended December 31, 2009.

To the shareholders of

BPCE

50, avenue Pierre-Mendès-France

F-75013 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, 2009, on:

- the audit of the accompanying consolidated financial statements of the Groupe BPCE;
- justification of our assessments;
- specific verifications required by law.

The consolidated financial statements are the responsibility of the 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 assets, liabilities, financial position and results of the companies and entities included in the consolidated group in accordance with IFRS standards as adopted in the European Union.

Without qualifying the opinion expressed above, we draw your attention to:

- note 1.1 to the consolidated financial statements presenting the Groupe BPCE, formed through the merger between Groupe Banque Populaire and Groupe Caisse d'Epargne;
- note 3.2 presenting the accounting treatment adopted for the creation of the Groupe BPCE, together with note 12 to the consolidated financial statements stating how the pro forma financial data for the Groupe BPCE in fiscal 2008 presented for comparisons was prepared.

II – Justification of our assessment

The accounting estimates used in the preparation of the consolidated financial statements at December 31, 2009 were made against the backdrop of a financial and economic crisis that had persisted since 2008. 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 estimates

- As indicated in notes 4.1.7 and 7.2 to the consolidated financial statements, the Group records impairment and provisions to cover the credit risks inherent in 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 4.1.6 and 5.4 to the consolidated financial statements, the Group uses internal models to measure financial instruments that are not quoted in active markets. 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 4.1.7 and 5.3 to the consolidated financial statements):
  - for equity instruments, whenever there is objective evidence of significant or prolonged impairment in the value of these assets,
  - for debt instruments, whenever there is a known counterparty risk.

  We have reviewed control procedures relating to the identification of evidence of impairment, valuation of the most significant line items, and estimates leading, where applicable, to the recognition of impairment losses.
- The Group tested its goodwill for impairment (notes 3.6.3 and 5.14 to the consolidated financial statements). We reviewed the methods and main assumptions used when performing these tests, as well as estimates used to recognize any impairment losses.

- The Group recognized deferred tax assets, particularly in respect of tax loss carryforwards (notes 4.12, 5.8 and 6.11 of the notes to the consolidated financial statements). We reviewed the main estimates and assumptions that led to the recognition of these deferred tax assets.
- Provisions were set aside to cover the Group's employee benefits (notes 4.10 and 8.2 to the consolidated financial statements). We reviewed the valuation method for these obligations and the principal parameters and assumptions used.
- 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 4.5 and 5.19 to the consolidated financial statements provide appropriate disclosures.

Presentation of the consolidated financial statements:

- Note 3.2 states the accounting treatment adopted for the combination between Groupe Banque Populaire and Groupe Caisse d'Epargne. We reviewed the foundations for the principles and treatment adopted and the financial information published.
- Pro forma financial data at December 31, 2008 for the balance sheet and for the fiscal year from January 1 to December 31, 2008 for the income statement was prepared for the Groupe BPCE. During our assessments, our work chiefly consisted in reviewing the process used to prepare this information, verifying that it was prepared as described in note 12 to the consolidated financial statements and examining the documentation underpinning pro forma restatements.

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 verifications

We also carried out the specific verifications required by law of the information provided in the Group's Management Report in accordance with professional standards applicable in France.

We have no matters to report as to its fair presentation and consistency with the consolidated financial statements.

Paris-La Défense et Neuilly-sur-Seine, April 30, 2010

The Statutory Auditors

KPMG Audit	PricewaterhouseCoopers Audit	Mazars
KPMG S.A. department 1, cours Valmy 92923 Paris-La Défense Cedex	63, rue de Villiers 92208 Neuilly-sur-Seine Cedex	61, rue Henri-Regnault 92075 Paris La Défense Cedex
Fabrice Odent Marie-Christine Jolys	Anik Chaumartin Agnès Hussherr	Michel Barbet-Massin Charles de Boisriou

5.2 IFRS Consolidated financial statements of the BPCE SA group at December 31, 2009

5.2.1 Consolidated balance sheet

ASSETS

in millions of euros	*Notes*	12/31/2009	12/31/2008, pro forma
Cash and amounts due from central banks		8,755	13,854
Financial assets at fair value through profit or loss	*5.1.1*	180,928	298,594
Hedging derivatives	*5.2*	2,486	778
Available-for-sale financial assets	*5.3*	39,637	37,723
Loans and receivables due from credit institutions	*5.5.1*	191,197	154,170
Loans and receivables due from customers	*5.5.2*	118,658	127,487
Held-to-maturity financial assets	*5.7*	5,485	6,411
Current income tax assets		344	408
Deferred income tax assets	*5.8*	3,691	2,772
Accrued income and other assets	*5.9*	35,833	30,860
Deferred profit sharing	*5.10*	0	925
Investments in associates	*5.11*	10,960	9,842
Investment property	*5.12*	943	1,056
Property, plant and equipment	*5.13*	849	933
Intangible assets	*5.13*	803	803
Goodwill	*5.14*	3,279	3,787
TOTAL ASSETS		**603,848**	**690,403**

LIABILITIES AND EQUITY

in millions of euros	*Notes*	**12/31/2009**	**12/31/2008, pro forma**
Amounts due to central banks		213	832
Financial liabilities at fair value through profit or loss	*5.1.2*	180,632	275,190
Hedging derivatives	*5.2*	544	722
Amounts due to credit institutions	*5.15.1*	151,196	138,620
Amounts due to customers	*5.15.2*	56,080	68,349
Debt securities	*5.16*	108,196	96,562
Revaluation differences on portfolios hedged against interest-rate risk		620	697
Current income tax liabilities		216	152
Deferred income tax liabilities	*5.8*	319	706
Accrued expenses and sundry liabilities	*5.17*	23,897	31,664
Technical reserves of insurance companies	*5.18*	37,114	34,070
Provisions	*5.19*	1,803	1,678
Subordinated debt	*5.20*	14,548	21,802
Consolidated equity		**28,470**	**19,359**
Equity attributable to equity holders of the parent		**23,167**	**14,263**
Share capital and additional paid-in capital		18,739	15,739
Retained earnings		4,915	1,398
Gains and losses recognized directly in equity		(418)	(1,078)
Net income for the period		(69)	(1,796)
Minority interests		5,303	5,096
TOTAL LIABILITIES AND EQUITY		**603,848**	**690,403**

5.2.2 Consolidated income statement

in millions of euros	*Notes*	**Fiscal 2009**	**Fiscal 2008 pro forma**
Interest and similar income	*6.1*	13,891	22,820
Interest and similar expense	*6.1*	(9,193)	(20,906)
Fee and commission income	*6.2*	3,846	4,566
Fee and commission expense	*6.2*	(1,464)	(1,472)
Net gain or loss on financial instruments at fair value through profit or loss	*6.3*	(271)	(2,446)
Net gain or loss on available-for-sale financial assets	*6.4*	(297)	(340)
Income from other activities	*6.5*	6,625	6,438
Expenses on other activities	*6.5*	(6,636)	(4,648)
Net banking income		**6,501**	**4,012**
Operating expenses	*6.6*	(5,409)	(5,673)
Depreciation, amortization and impairment of property, plant and equipment and intangible assets		(273)	(269)
Gross operating income		**819**	**(1,930)**
Cost of risk	*6.7*	(2,788)	(1,884)
Operating income/(loss)		**(1,969)**	**(3,814)**
Share of income/(loss) of associates	*6.8*	572	388
Gains or losses on other assets	*6.9*	(25)	345
Change in the value of goodwill	*6.10*	(326)	(90)
Income before tax		**(1,748)**	**(3,171)**
Income taxes	*6.11*	1,185	606
Net income from discontinued activities or assets held for sale		0	0
Net income		**(563)**	**(2,565)**
Minority interests		494	769
Net income attributable to equity holders of the parent		**(69)**	**(1,796)**

5.2.3 Net income, and gains and losses recognized directly in equity

in millions of euros	Fiscal 2009
Net income	**(563)**
Translation adjustments	42
Change in the value of available-for-sale financial assets	703
Change in the value of hedging derivatives	(66)
Taxes	(38)
Share of gains and losses recognized directly in the equity of associates	229
GAINS AND LOSSES RECOGNIZED DIRECTLY IN EQUITY (AFTER TAX)	**870**
NET INCOME, AND GAINS AND LOSSES RECOGNIZED DIRECTLY IN EQUITY	**307**
Attributable to equity holders of the parent	591
Minority interests	(284)

5.2.4 Statement of changes in equity

	Share capital and additional paid-in capital				
in millions of euros	Share capital	Additional paid-in capital	Preferred shares	Perpetual deeply subordinated notes	Retained earnings
EQUITY AT JANUARY 1, 2009	**390**	**15,349**		**950**	**(1,348)**
Preferred shares held by the state(1)			3,000		
Reclassification of deeply subordinated notes(2)				4,737	
Issues and redemptions of deeply subordinated notes				822	
Interest on deeply subordinated notes				(258)	
Dividend payments					(5)
Impact of mergers					
Impact of acquisitions and divestments on minority interests(3)					
Gains and losses recognized directly in equity					
Net income					
Other changes					17
EQUITY AT DECEMBER 31, 2009	**390**	**15,349**	**3,000**	**6,250**	**(1,336)**

Comments:
(1) The subscription of preferred stock by the French state increased equity by €3 billion.
(2) The reclassification of perpetual deeply subordinated notes is dealt with in note 1.3.
(3) The acquisition of an 11.34% interest in NGAM's capital by Natixis led to a €241 million decrease in minority interests.

Gains and losses recognized directly in equity						
	Change in the fair value of instruments					
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
(195)	**(557)**	**(326)**		**14,263**	**5,096**	**19,359**
				3,000		3,000
				4,737	827	5,563
				822		822
				(258)		(258)
				(5)	(85)	(90)
					(241)	(241)
26	667	(33)		660	210	870
			(69)	(69)	(494)	(563)
				17	(10)	7
(170)	**111**	**(358)**	**(69)**	**23,167**	**5,303**	**28,470**

5.2.5 Consolidated cash flow statement

in millions of euros	12/31/2009
Income before tax	**(1,748)**
Net depreciation and amortization of property, plant and equipment, and intangible assets	318
Impairment of goodwill	326
Net additions to/reversals of provisions for impairment	3,540
Share of income/(loss) of associates	(495)
Net losses/net gains on investing activities	(421)
Income/expense from financing activities	1,195
Other movements	5,268
Total non-monetary items included in net income/(loss) before tax	**9,731**
Net increase or decrease arising from transactions with credit institutions	(41,937)
Net increase or decrease arising from transactions with customers	1,344
Net increase or decrease arising from transactions involving financial assets and liabilities	10,198
Net increase or decrease arising from transactions involving non-financial assets and liabilities	(1,009)
Taxes paid	73
Net increase/(decrease) in assets and liabilities resulting from operating activities	**(31,331)**
NET CASH FLOWS GENERATED BY OPERATING ACTIVITIES (A)	**(23,348)**
Net increase or decrease related to financial assets and equity investments	1,755
Net increase or decrease related to investment property	(31)
Net increase or decrease related to property, plant and equipment, and intangible assets	(336)
NET CASH FLOWS ARISING FROM INVESTING ACTIVITIES (B)	**1,388**
Net increase (decrease) arising from transactions with shareholders	2,931
Other increases or decreases generated by financing activities	(90)
NET CASH FLOWS ARISING FROM FINANCING ACTIVITIES (C)	**2,841**
IMPACT OF CHANGES IN EXCHANGE RATES (D)	**(1)**
TOTAL NET CASH FLOWS (A+B+C+D)	**(19,120)**
Cash and net balance of accounts with central banks	13,022
Net balance of demand transactions with credit institutions	2,854
Cash and cash equivalents at beginning of the fiscal year	**15,876**
Cash and net balance of accounts with central banks	8,542
Net balance of demand transactions with credit institutions	(11,786)
Cash and cash equivalents at end of the fiscal year	**(3,244)**
CHANGE IN CASH AND CASH EQUIVALENTS	**(19,120)**

5.2.6 Notes to the consolidated financial statements

Note 1 General framework

1.1 GROUPE BPCE

The Groupe BPCE was officially established on July 31, 2009. It comprises the Banque Populaire network, the Caisse d'Epargne network, the BPCE central institution and its subsidiaries, BP Participations (formerly Banque Fédérale des Banques Populaires - BFBP) and its subsidiaries, CE Participations (formerly the Caisse Nationale des Caisses d'Epargne - CNCE) and its subsidiaries.

The Banque Populaire and Caisse d'Epargne networks

The Groupe BPCE is a cooperative group, with its cooperative shareholders owning two retail banking networks, that is the 20 Banque Populaire banks and the 17 Caisses d'Epargne. Each of the two networks owns an equal share in the Group's central institution, known as BPCE.

The Banque Populaire network comprises the Banque Populaire banks, the mutual guarantee companies granting them the exclusive benefit of their guarantees pursuant to their bylaws and the holding company for the Banque Populaire network, namely BP Participations.

The Caisse d'Epargne network comprises the Caisses d'Epargne et de Prévoyance, the local savings companies, the Fédération Nationale des Caisses d'Epargne and the holding company for the Caisse d'Epargne network, namely CE Participations.

The Banque Populaire banks are 80%-owned by their cooperative shareholders and 20%-owned by Natixis via the cooperative investment certificates (CICs). The capital of the Caisses d'Epargne is 80%-owned by the Local Savings Companies (LSC) and 20%-owned by Natixis via the CICs.

The regionally based local savings companies are cooperative structures with an open-ended share capital owned by cooperative shareholders. They 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.

BP Participations and CE Participations

The Banque Populaire and Caisse d'Epargne networks respectively own 100% of their former central body:

- the BFBP for the Banque Populaire banks, renamed Banques Populaires Participations (BP Participations);
- and the CNCE for the Caisse d'Epargne network, renamed Caisses d'Epargne Participations (CE Participations).

BP Participations and CE Participations hold the assets that were not contributed to BPCE. These holding companies are financial sector companies approved as credit institutions and affiliated with BPCE.

The two holding companies have a limited, specific and exclusive corporate purpose. In accordance with Article L. 311-1 of the French Monetary and Financial Code (*Code monétaire et financier*), they manage and control their respective investments and proprietary trading activities, and ensure the continuity of any lending operations undertaken by the BFBP or the CNCE that were not transferred to BPCE within the framework of asset contributions.

The subsidiaries of the Real Estate division of the two former groups (notably Crédit Foncier de France, Nexity, FONCIA and Meilleurtaux) and a number of other shareholdings owned by the two former central bodies (notably Banca Carige, Banque Palatine and MA BANQUE) are held by BP Participations and CE Participations.

BPCE

The new central institution called BPCE was established pursuant to Law No. 2009-715 of June 18, 2009. It replaced the two former central bodies, namely the BFBP and the CNCE. It was formed through partial contributions of assets subject to the spin-off regime, which were made by the CNCE and the BFBP. The French state holds the non-voting preferred stock.

BPCE, a central body within the meaning of French banking law and a credit institution approved to operate as a bank, was incorporated as a *société anonyme* with a Management Board and Supervisory Board, with its share capital being owned jointly and equally by the 17 Caisses d'Epargne and the 20 Banque Populaire banks since July 31, 2009. It holds the joint ventures between the two networks in retail banking, corporate banking and financial services and their production units.

BPCE's main subsidiaries are:

- Natixis, a 72%-owned subsidiary, which holds the capital market and financial services activities;
- BP Covered Bonds, which operates the Banque Populaire banks' covered bonds program;
- Financière Océor, the regional development bank serving France's overseas dependencies and international markets;
- GCE Covered Bonds, which operates the Caisse d'Epargne network's covered bonds program;
- Banque BCP (France) et Banque BCP (Luxembourg), the commercial banks formed through the merger of Portuguese financial institutions;
- BCI, BICEC and BIAT, commercial banks based respectively in Congo, Cameroon and Tunisia;
- Société Marseillaise de Crédit (SMC), a regional commercial bank;
- CNP Assurances (personal care services) and GCE Assurances (property/casualty insurance);
- GCE Technologies, the IT centre of the Caisse d'Epargne network;
- i-BP, the IT platform of the Banque Populaire banks.

BPCE's mission statement is in keeping with the cooperative principles of the Banque Populaire banks and the Caisses d'Epargne.

Specifically, BPCE 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 key management appointments and oversees the smooth functioning of the Group's institutions.

As a holding company, BPCE acts as the top holding company for the Group. It owns and manages investments in the subsidiaries. It also defines the Group's corporate strategy and development policy.

In respect of the Group's financial functions, BPCE is also responsible, in particular, for conducting the centralized management of any surplus funds, 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. It also provides banking services to the other Group entities.

The BPCE SA group, of which the consolidated financial statements are presented hereinafter, includes BPCE SA and its subsidiaries. Through Natixis, BPCE SA notably owns an indirect shareholding in the Banques Populaires banks and the Caisses d'Epargne.

1.2 GUARANTEE MECHANISM

Pursuant to Article L. 512-107-6 of the Monetary and Financial Code, the guarantee and solidarity mechanism aims to safeguard the liquidity and solvency of the Group and institutions affiliated with BPCE, as well as to safeguard financial security within the Banque Populaire and Caisse d'Epargne networks.

BPCE is responsible for taking all measures necessary to guarantee the solvency of the Group and each of its networks, including implementing the appropriate Group internal financing mechanisms and setting up a mutual guarantee fund common to both networks, of which it determines the working rules, the terms and conditions under which the fund may be called upon in addition to the two funds of the two networks already in place and the contributions made by affiliates for its endowment and reconstitution.

BPCE manages the Banque Populaire network fund and the Caisses d'Epargne et de Prévoyance network fund and is setting up the new mutual guarantee fund.

The Banque Populaire network fund corresponds to the amount of the guarantee fund set up by the former Groupe Banque Populaire (€450 million). It has been deposited by BP Participations in BPCE's books in the form of a 10-year term deposit, which may be renewed indefinitely.

The Caisses d'Epargne et de Prévoyance network fund (€450 million) has been deposited by CE Participations in BPCE's books in the form of a 10-year term deposit, which may be renewed indefinitely. This deposit has itself been deposited by the Caisses d'Epargne with CE Participations.

The Mutual Guarantee Fund is composed of deposits made by the Banque Populaire banks and the Caisses d'Epargne in BPCE's books in the form of a 10-year term deposit, which may be renewed indefinitely. The initial amount of deposits totals €20 million (€10 million by the Banque Populaire banks and €10 million by the Caisses d'Epargne). Thereafter, the fund will be endowed each year with 5% of the contribution made by the Banque Populaire banks, the Caisses d'Epargne and their subsidiaries – with the exception of the investment holding companies and their respective subsidiaries – to the Group's consolidated earnings up to a maximum limit of 0.3% of the Group's risk-weighted assets (RWA). This contribution will be allocated in proportion to BPCE's share capital using the same allocation criteria as described above.

The total amount of deposits placed with BPCE in respect of the Banques Populaires network fund, the Caisses d'Epargne et de Prévoyance network fund and the Mutual Guarantee Fund may not be any lower than 0.15% of the Group's Risk-weighted assets. The arrangements for invocation of the guarantee system are predicated on the following level of priority:

- Each beneficiary must first of all draw on its equity capital. BPCE may solicit intervention by the Banque Populaire banks and the Caisses d'Epargne under the guarantee and solvency system by applying the allocation criteria for contributions before calling on the three funds.
- If the defaulting bank belongs to one of the two networks (the Caisses d'Epargne and their subsidiaries with bank status and BPCE affiliation, on the one hand, or the Banque Populaire banks and their subsidiaries with bank status and BPCE affiliation, on the other hand), the amount drawn:
  - is charged first against the guarantee fund of the appropriate network, *i.e.* against the term deposit held in the name of the corresponding holding company, until this deposit has been used up,
  - when this deposit has been exhausted, the parent companies of the corresponding network (Banque Populaire banks or Caisses d'Epargne) are called on to contribute within their capacities,
  - when their capacities have been exhausted, the amount is charged against the investment fund, *i.e.* against the term deposits held in the books of BPCE in the name of all the parent companies,
  - if the investment fund has been exhausted, any residual amount is charged against the guarantee fund of the other network, *i.e.* against term deposits of the other holding company,
  - if the guarantee fund of the other network has also been exhausted, the parent companies of the said network are called on within their capacities.
- If the defaulting bank is BPCE or one of its subsidiaries, the amount:
  - is charged first against the investment fund, *i.e.* against term deposits held in the books of BPCE in the name of all the parent companies until it has been exhausted,
  - then, symmetrically, against the two networks' guarantee funds, *i.e.* against the term deposits of the two holding companies,
  - if these two funds have been exhausted, the parent companies are called on within their capacities.

The intervention of the Banques Populaires network fund, the Caisses d'Epargne et de Prévoyance network fund and/or the Mutual Guarantee Fund or, more generally, any provision of funds under the guarantee and solidarity mechanism to a beneficiary will take the form of a subsidy or any other form of intervention that may prove to be more appropriate.

The mutual guarantee companies granting exclusive rights to their guarantees pursuant to their bylaws to a Banque Populaire bank receive the benefit of the latter's liquidity and solvency guarantee with which they are approved collectively in accordance with Article R. 515-1 of the Monetary and Financial Code.

The liquidity and solvency of the Caisses de Crédit Maritime Mutuel are guaranteed at the first level for each Caisse considered by the Banque Populaire bank that is its core shareholder and operator in respect of the technical and functional support provided by the Caisse to the Banque Populaire bank.

The liquidity and solvency of the local savings companies are guaranteed at the first level for each local savings company considered by the Caisse d'Epargne in which the relevant local savings company is a shareholder.

BPCE's Management Board holds all the requisite powers to mobilize the resources of the various contributors without delay and in accordance with the agreed order, on the basis of prior authorizations given to BPCE by the contributors.

1.3 SIGNIFICANT EVENTS

Formation of the BPCE SA group

The first half of 2009 saw work continue on the combination initiated in October 2008 by the Groupe Caisse d'Epargne and Groupe Banque Populaire. François Pérol was appointed Chief Executive Officer of the Banque Fédérale des Banques Populaires (BFBP) and Executive Chairman of the Caisse Nationale des Caisses d'Epargne (CNCE). He led the process, bringing it to fruition in accordance with an ambitious timetable.

The various steps necessary to create France's second-biggest banking group were taken, leading up to the approval by Extraordinary Shareholders' Meetings of the BFBP, the CNCE and BPCE on July 31, 2009, and the creation of the Groupe BPCE.

Since August 3, 2009, BPCE has been jointly owned by the 20 Banque Populaire banks and the 17 Caisses d'Epargne, following the contribution of the activities of their central bodies and the main assets of the BFBP and the CNCE to a central body. The combined entity also received a capital contribution from the French state, comprising:

- €4.05 billion in deeply subordinated notes issued by the CNCE and the BFBP between the fourth quarter of 2008 and the second quarter of 2009 and contributed to BPCE (including €750 million redeemed during the fourth quarter of 2009);
- €3 billion in non-voting preferred stock issued by BPCE on July 31, 2009.

Reclassification as equity of the deeply subordinated notes issued by the group

Under IFRS, financial instruments in issue are classified as debt or equity instruments depending on whether or not the issuer has a contractual obligation to deliver cash to holders of the securities. This obligation must arise from specific contractual terms and conditions, not merely economic constraints.

At December 31, 2008, the deeply subordinated notes (DSN) issued by the CNCE and the Natixis group represented debt under IFRS, due to a clause in issuance contracts making the payment of a coupon mandatory whenever the issuing entity recorded a profit. Following the renegotiation of the contracts in the first half of 2009 for the CNCE, since renamed CE Participations, and during the fourth quarter of 2009 for Natixis, the contractual obligation to pay a coupon on these notes was cancelled.

The DSNs were accordingly reclassified as equity at their fair value. The gap between the value at which the notes were recorded as debt and their fair value was recognized in income, representing a gain of €1.7 billion for the Groupe BPCE and €1.5 billion for BPCE.

These capital gains are a reflection of the favorable financing conditions enjoyed by the Group with respect to its deeply subordinated financing in the prevailing market conditions.

Implementation of the guarantee mechanism for Natixis assets by BPCE

During the second half of 2009, BPCE put in place a system to protect its Natixis subsidiary against losses and earnings volatility caused by its segregated assets structure (GAPC).

The aim of this protection mechanism is to reinforce Natixis and foster the conditions necessary for the success of its strategic plan. It enabled Natixis to free up a significant portion of its equity allocated to the segregated assets (€770 million in Tier-1 capital) and to protect itself against the risk of losses after June 30, 2009.

The guarantee granted by BPCE to Natixis was adopted with effect retroactive to July 1, 2009 and it had no material effect on the BPCE SA group's fiscal 2009 results.

Optimization and management of capital on behalf of the group

On July 6, 2009, BPCE launched seven exchange offers for Tier-1 notes issued by Natixis. The notes contributed as part of these offers could be exchanged for new Tier-1 notes issued by BPCE SA. With this transaction (€0.8 billion in new BPCE notes), the central body of the new BPCE group established itself as a major bond issuer in the international markets.

In addition, during October 2009, an issue of deeply subordinated notes (DSNs) raised €750 million, while the same amount of the deeply subordinated notes issued to SPPE was redeemed.

1.4 SUBSEQUENT EVENTS

2010-2013 Strategic Plan

On February 25, 2010, the Groupe BPCE announced the key planks of its 2010-2013 strategic plan and notably the following decisions:

- a focus on the core commercial banking and insurance businesses and on corporate and investment banking, savings and specialized financial services combined in Natixis;
- management of the Group's shareholdings in the real estate sector as financial investments (FONCIA, Nexity, Eurosic).

The announcement of the strategic plan had no impact on the Group's consolidated financial statements at December 31, 2009.

Streamlining of the Group's corporate structure

On February 25, 2010, BPCE announced a plan to streamline the Group's corporate structure, which is likely to be implemented by the end of July 2010:

- merger of the investment holding companies of the Banque Populaire banks (BP Participations) and of the Caisses d'Epargne (CE Participations) into BPCE;
- investment in Nexity held by the Caisses d'Epargne.

This decision had no impact on the Group's consolidated financial statements at December 31, 2009. Upon completion of these transactions, the scope of consolidation of the BPCE SA group is set to change significantly (more specifically, the addition of the Crédit Foncier, FONCIA and Banque Palatine groups).

Start of negotiations to sell part of Natixis Private Equity's portfolio

On February 22, 2010, Natixis confirmed that it had begun negotiations to sell part of Natixis Private Equity's portfolio, including two FCPR venture capital funds, namely IXEN and IXEN II.

With the sale due to take place during the first half of 2010, a provision of €35 million was set aside during the fiscal year ended December 31, 2009, including €9 million in respect of the impairment of goodwill recognized on the entities to be sold.

Note 2 Accounting principles and comparability

2.1 REGULATORY FRAMEWORK

In accordance with EC Regulation No. 1606/2002 of July 19, 2002 on the application of international accounting standards, the BPCE SA group has prepared its consolidated financial statements for the fiscal year ended December 31, 2009 under International Financial Reporting Standards (IFRS) as adopted for use by the European Union and applicable at that date, thereby excluding certain provisions of IAS 39 relating to hedge accounting[(1)].

2.2 REFERENCE FRAMEWORK

The standards and interpretations used and set forth in the consolidated financial statements at December 31, 2008 of Groupe Banque Populaire and Groupe Caisse d'Epargne have been supplemented by standards, amendments and interpretations, the application of which is mandatory for fiscal years beginning on or after January 1, 2009 and notably revised IAS 1 "Presentation of financial statements", the amendment to IFRS 7 "Financial Instruments: Disclosures (amended)" (see section 5.4) and IFRS 8 "Operating Segments" (see note 9).

The other standards, amendments and interpretations adopted by the European Union, application of which was mandatory in 2009, did not have a material impact on the Group's financial statements.

Lastly, the Group has not elected for early adoption of standards, amendments and interpretations adopted by the European Union where this decision is optional, unless stated specifically.

Even so, application of these standards is not expected to have a significant impact on the Group's financial statements in 2010.

2.3 USE OF ESTIMATES

Preparation of the financial statements requires management to make estimates and assumptions in certain areas with regard to uncertain future events, based on the judgment of the individuals preparing these financial statements and the information available at 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, 2009, the accounting estimates involving assumptions were mainly used in the following areas:

- the fair value of financial instruments determined on the basis of valuation models (see note 4.1.6);
- the amount of impairment of financial assets, and more specifically impairment losses on an individual basis or calculated on the basis of portfolios (note 4.1.7);
- provisions recorded under liabilities on the balance sheet and more specifically the provision for homebuyers' savings plans and accounts (note 4.5) and provisions for insurance contracts (note 4.13);
- calculations related to the cost of pensions and future employee benefits (see note 4.10).
- deferred taxes (note 4.12);
- goodwill impairment testing (see note 3.5).

2.4 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 2009 No. R.04 issued by the *Conseil national de la comptabilité* (CNC, the French national accounting board) on July 2, 2009.

(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/index_en.htm.*

Note 3 Consolidation principles and methods

3.1 ACCOUNTING TREATMENT OF THE FORMATION OF THE BPCE SA GROUP

Pursuant to IFRS 3, the combination between Groupe Banque Populaire and Groupe Caisse d'Epargne, was considered to be a merger of mutual entities, which is excluded from the scope of this standard.

Given the substance of the business combination, the historic cost method was used as the basis for the recognition of the merger transactions.

This method has the following advantages:

- it is consistent with the principles of equity and balance that were central to the merger;
- it ensures that the methods used to value the combined entity's assets and liabilities are consistent, and guarantees neutral accounting treatment, irrespective of the origins of the businesses;
- it requires the elimination of the impact of prior transactions effected by Groupe Banque Populaire and Groupe Caisse d'Epargne.

In particular, valuation differences and goodwill arising from the establishment of Natixis were restated.

This method led to the presentation of the Group's 2009 income statement as if the merger transaction had been completed on January 1, 2009. Accordingly, only notes directly related to the summary statements are presented as a comparison.

3.2 SCOPE OF CONSOLIDATION AND CONSOLIDATION METHODS

3.2.1 Control

The BPCE SA group's consolidated financial statements include the financial statements of all the entities over which it exercises control or significant influence, whose consolidation had a material impact on the aforementioned financial statements.

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.

Exclusive 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 or dismiss a majority of the members of the management bodies, or the right to exercise a dominant influence by virtue of a management contract or in accordance with the Group's bylaws.

Joint control

Joint control is the contractually agreed sharing of control over an economic entity involving a limited number of shareholders, such that the entity's financial and operating policies are determined by agreement between those partners, and exists only when the strategic decisions require the unanimous consent of the parties sharing control.

Significant influence

Significant influence is the power to participate in the financial and operating policy decisions of an entity, without exercising control over it. Significant influence is presumed to exist when the Group holds, directly or indirectly, 20% or more of the voting rights of an entity.

3.2.2 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.

Full consolidation

The financial statements of entities under exclusive control are fully consolidated.

Proportional consolidation

Entities that the Group controls jointly with a limited number of investors are consolidated on a proportional basis.

Equity method

Companies over which the Group has significant influence are accounted for using the equity method.

3.3 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 conducted exclusively on behalf of the Group, such that the Group derives 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 deriving from the SPE;
- the Group is exposed to a majority of the risks relating to the activities of the SPE.

However, entities operating in a fiduciary capacity, on behalf of third parties, and in the interests of all parties involved, are not consolidated. Employee pension funds and supplementary health insurance plans are also excluded from the scope of consolidation.

Private equity businesses

However, IAS 28 and IAS 31, which cover investments in associates and interests in joint ventures, recognize the specific nature of the private equity business. Private equity investments in which the Group's ownership stands at between 20% and 50% do not have to be accounted for using the equity method if they are classified at inception in the "Financial assets at fair value through profit or loss" category.

The Natixis group's private-equity subsidiaries have chosen to measure the relevant holdings, considering that this valuation method provides investors with more relevant information.

3.4 PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND BALANCE SHEET DATE

The consolidated financial statements are based on the separate financial statements of the BPCE SA group companies at December 31, 2009. The consolidated financial statements of the Group for the year ended December 31, 2009 were authorized for issue by the Management Board on February 22, 2010.

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 Foreign currency translation

The consolidated financial statements are expressed in euros. Balance sheet items of foreign entities whose functional currency is not the euro are translated using the exchange rate ruling at the balance sheet date. Income and expense items are translated at the average exchange rate for the period.

Exchange differences arise from a difference in:

- net income for the year translated at the average rate and at the closing rate;
- equity (excluding net income for the year) translated at the historic exchange rate and at the year-end rate.

The portion attributable to equity holders of the parent is recorded in equity under "Translation adjustments" and the portion attributable to minority shareholders under "Minority interests".

3.5.2 Elimination of intragroup transactions

The impact of intercompany transactions on the consolidated balance sheet and the income statement was eliminated on consolidation. Dividends, as well as gains and losses on intercompany asset disposals, were also eliminated. Where appropriate, capital losses resulting in impairment were maintained.

3.5.3 Business combinations

The Group did not elect for early adoption of the revised IFRS 3 on business combinations at December 31, 2009.

All business combinations 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 are explicitly excluded from the scope of IFRS 3 in force at December 31, 2009.

The cost of a business combination is the aggregate amount of the fair values at 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, and contingent liabilities of the acquiree are recognized at fair value at the acquisition date. The initial measurement of 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 assets. Goodwill is recognized in the acquirer's balance sheet and negative goodwill is recognized immediately in income.

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 of the net assets acquired.

Goodwill is recognized in the functional currency of the acquiree and is translated at the closing exchange rate.

On the acquisition date, goodwill is allocated to one or more cash generating units (CGUs) likely to enjoy the benefits of the acquisition. 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.

Goodwill is tested for impairment at least annually, or more frequently if events or changes in circumstances indicate that it might be impaired.

Impairment tests consist in comparing the carrying amount of each CGU or group of CGUs (including allocated goodwill) with its recoverable amount, *i.e.* 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.

3.5.4 Commitments to buy out minority interests (written puts)

The Group has entered into commitments with minority shareholders of certain fully consolidated companies to buy out their shares.

In accordance with IAS 32, when minority shareholders are granted written puts for their investment, their share of the net assets of subsidiaries should be treated as debt and not as 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 liability).

Note 4 Accounting policies and valuation methods

4.1 FINANCIAL ASSETS AND LIABILITIES

4.1.1 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 4.1.2).

Loans and receivables are initially recorded at fair value plus any costs directly related to their issuance, less any proceeds directly attributable to issuance. 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 loans, which are treated as an adjustment to the effective yield on the loan.

When loans are extended under conditions that are less favorable than market conditions, a discount corresponding to the difference between the nominal value of the loan and the sum of future cash flows discounted at the market interest rate is deducted from the nominal value of the loan. The market interest rate is the rate applied by the vast majority of local financial institutions at a given time for instruments and counterparties with similar characteristics.

A discount is applied to loans restructured when the borrower encounters financial difficulties 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 on the balance sheet. It is written back to net interest income on an actuarial basis in the income statement over the term of the loan.

The internal costs included in the calculation of the effective interest rate are the variable costs directly related to the set-up of the loans. The Group has adopted a restrictive position whereby only the performance-related component of account managers' salary directly indexed to loans granted is included in the effective interest rate. No other internal cost is included in the calculations of amortized cost.

The external costs consist primarily of commissions paid to third parties in connection with arrangement of loans. They essentially comprise commissions paid to business partners.

Income directly attributable to the issuance of new loans principally comprise set-up fees charged to customers, rebilled costs and commitment fees (if it is more probable than improbable that the loan will be drawn down). The loan commitment fees received that will not result in any drawdowns are on commissions are apportioned on a straight-line basis over the life of the commitment.

Expenses and income arising on loans with a term of less than one year at inception are deferred on a pro rata basis with no recalculation of the effective interest rate. For floating or adjustable rate loans, the effective interest rate is adjusted at each rate refixing date.

4.1.2 Securities

Securities recorded as 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 and liabilities at fair value through profit or loss

This asset category includes:

- financial assets and liabilities held for trading, *i.e.* securities acquired or issued principally for the purpose of selling them in the near term; and
- financial assets and liabilities 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 4.1.4 "Financial assets and liabilities designated at fair value through profit or loss".

The initial fair value 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 these securities against interest rate risk are not permitted.

Held-to-maturity financial assets are recognized at fair value at 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 be exposed to a risk of material losses unrelated to the deterioration in their credit quality.

Some securities not quoted in an active market may be classified in this portfolio. These are initially recognized at fair value, which corresponds to their nominal 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 (note 4.1.1).

Available-for-sale financial assets

Available-for-sale financial assets are all securities not classified in the previous three categories.

Available-for-sale financial assets are initially recognized at purchase cost, including transaction costs.

At the balance sheet date, they are carried at their fair value and changes in fair value are recorded as gains and losses recognized directly in equity. The principles used to determine fair value are described in note 4.1.6.

If they are sold, these changes in fair value are taken to income. Interest income accrued or received on fixed-income securities is recorded under "Interest and similar income", while income from variable-income securities is included in "Net gain or loss on available-for-sale financial assets".

Date of recognition

Securities are recorded on the balance sheet on the settlement/delivery date.

Rules applicable to partial disposals

The first-in, first-out (FIFO) method is applied to any partial disposals of securities.

4.1.3 Debt and equity instruments

Financial instruments issued by the Group qualify as debt or equity instruments depending on whether or not 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. This obligation must arise from specific contractual terms and conditions, not merely economic constraints.

Debt securities

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 on the balance sheet under "Amounts due to credit institutions", "Amounts due to customers" or "Debt securities".

Subordinated debt

Subordinated debt differs from issues of other debt and bonds in that it will be repaid only after all the senior and unsecured creditors, but before the repayment of participating loans and securities and deeply subordinated notes. It is valued at amortized cost.

Preferred shares

Given the characteristics of these instruments, the preferred shares issued by the Groupe BPCE and subscribed by SPPE were recognized as equity.

4.1.4 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 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 be applied only under the specific circumstances described below:

Elimination of or significant reduction in a measurement or recognition inconsistency (accounting mismatch)

Election for this option allows:

- 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 offset in income (*e.g.*, for a fixed-rate bond combined with a fixed-rate payer swap).

Harmonization of accounting treatment and performance management and measurement

The option applies for a group of assets and/or liabilities managed and measured at fair value, 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

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.

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.

4.1.5 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 rating or credit index, or other variable, provided 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 on the balance sheet at the trade date and measured at fair value at inception. They are remeasured at their fair value at 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 income 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 recognized on the balance sheet under "Financial assets at fair value through profit or loss" when their market value is positive, and under "Financial liabilities at fair value through profit or loss" when their market value is negative. Realized and unrealized gains and losses on derivatives held for trading are taken to income on the "Net gain or loss on financial instruments at fair value through profit or loss" line.

Hedging derivatives

The 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 income in the same manner as 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 in the same manner as the accrued interest on the hedged item. Where identified assets or liabilities are hedged, the remeasurement of the hedged component is recognized on the same line of the balance sheet as 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 on 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 gain or loss is recognized in income 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 floating-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 of gains and losses recognized directly in equity. 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 under interest income in the same manner as the accrued interest on the hedged item.

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.

Specific cases of portfolio hedging (macro-hedging)

DOCUMENTATION AS CASH FLOW HEDGES

Certain Group credit institutions document their macro-hedges covering cash flows (hedging of portfolios of loans and borrowings).

In this case, portfolios of assets or liabilities that may be hedged are, for each maturity band:

- assets and liabilities exposed to variability in cash flows (floating-rate loans and borrowings). The entity incurs a risk of variability in future cash flows from floating-rate assets and liabilities insofar as future interest rate levels are not known in advance;
- future transactions deemed to be highly probable (forecasts). Assuming total outstandings remain constant, the entity is exposed to the risk of variability future in cash flows on future fixed-rate loans insofar as the interest rate at which the loan will be granted is not yet known. Similarly, the Group may be exposed to the risk of variability in future cash flows on the financing that it will need to raise in the market.

Under IAS 39, hedges of an overall net position of fixed rate assets and fixed rate liabilities with similar maturities do not qualify for hedge accounting. The hedged item can thus be considered as being equivalent to a portion of one or more portfolios of adjustable-rate instruments identified (portion of outstanding floating-rate deposits or loans). The effectiveness of a hedge is measured by creating a "hypothetical" derivative for each maturity band and comparing changes in its fair value since inception with those of the derivatives to be documented as hedges.

The characteristics of this derivative are identical to those of the hedged item. Effectiveness is then assessed by comparing the changes in value of the hypothetical derivative with the actual hedging instrument. This method requires the preparation of a maturity schedule. The effectiveness of the hedge must be shown prospectively and retrospectively.

The hedge is effective prospectively if, for each target maturity band, the nominal amount of items to be hedged is higher than the notional amount of the hedging instruments.

The retrospective test calculates the retrospective effectiveness of a hedge initiated at various reporting dates. At each balance sheet date, changes in the mark-to-market value of hedging instruments, excluding accrued interest, are compared with those of hypothetical derivative instruments. The ratio of their respective changes should be between 80% and 125%.

If the hedged item is sold or the future transaction is no longer highly probable, the cumulative unrealized gain or loss recognized in equity is transferred immediately to income.

When the hedging relationship ceases, if the hedged item is still shown on the balance sheet, unrealized cumulative gains and losses are recognized in equity on a straight line basis. If the derivative has not been cancelled, it is reclassified as a trading derivative, and changes in its fair value are recognized in income.

DOCUMENTATION AS FAIR VALUE HEDGES

Other Group banks document their macro-hedging as fair value hedges by applying the so-called carve-out arrangements under IAS 39 as 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 at inception as fair value hedges of fixed-rate deposits and loans.

Macro-hedging derivatives are accounted for in the same manner 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 the "Revaluation differences on portfolios hedged against interest-rate risk".

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 at inception, the Group verifies that no excess hedging exists;
- quantitative testing: for other swaps, the change in the fair value of the actual swap must offset the changes in the fair value of a hypothetical swap that exactly reflects the underlying hedged item. These tests are conducted prospectively at the date the instrument is designated as a hedge and retrospectively at each balance sheet date.

If a hedging relationship ceases, the remeasurement adjustment is amortized on a straight-line basis over the remaining term of the initial hedge if the hedged item has not been derecognized, or taken directly to income if the hedged item is no longer recorded on 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.

Hedges of a net investment in a foreign operation

The net investment in a foreign operation is the amount of the investment held by the consolidating entity in the net assets of the operation.

The purpose of a net investment hedge in a foreign currency 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.

4.1.6 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 at 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 equal to 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 make use of 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 in 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 technique predicated on internal models. Internal models used in this manner must be calibrated from time to time by matching their results to recent transaction prices.

Instruments measured based on (unadjusted) quoted prices in an active market (Level 1)

These are notably listed securities and derivatives, such as futures and options, that are actively traded on organized and identifiably liquid markets. All transactions effected by Natixis in listed markets fall into this category.

A market is considered active if the prices are easily and regularly available from a stock market, broker, trader, appraisal service or a regulatory agency and these prices represent actual transactions regularly occurring in the market in an arm's length transaction.

The absence of an active market and observable inputs 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 bid-ask spread).

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, the entity to exercise its judgment in determining whether a market is not active.

Over-the-counter instruments valued using recognized models and directly or indirectly observable inputs (Level 2)

STANDARD INSTRUMENTS

A certain number of products, in particular OTC derivatives, plain vanilla interest rate swaps, future rate agreements, caps, floors and simple options, are valued using valuation models. The valuations obtained may rely either on observable inputs or on models recognized as market standards (discounting of future cash flows, interpolation) for the financial instrument in question.

For these instruments, the extent to which models are used and the observability of parameters have been documented.

COMPLEX INSTRUMENTS

Certain hybrid and/or long-maturity financial instruments are valued using a recognized internal model and on the basis of market inputs derived from observable data such as yield curves, implied volatility levels of options and consensus data or data obtained from active over-the-counter markets. For all of these instruments, the input has been demonstrated to be observable. In terms of methodology, the observability of inputs is based on four key criteria:

- they are derived from external sources (via a recognized contributor if possible);
- they are updated periodically;
- they are based on recent transactions;
- their characteristics are identical to those of the transaction concerned.

The profit generated on trading these instruments is immediately recognized as income.

The fair value of instruments obtained using valuation models is adjusted in order to take into account counterparty, model and parameter risks.

Over-the-counter instruments valued using unrecognized models or largely non-observable inputs (Level 3)

When the valuations obtained do not rely either on observable inputs or on models recognized as market standards, the valuation obtained will be regarded as non-observable. Instruments valued using special models or unobservable inputs notably include:

- multi-asset equity structured products, options on funds, hybrid fixed-income products, securitization swaps, structured credit derivatives, and fixed-income option products;
- most securitization-based instruments: securitized issues for which there are no prices quoted 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).

Recognition of Day one profit

Day one profit generated upon initial recognition of a financial instrument cannot be recognized in income 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 solely on observable market inputs.

Valuation models used to price some structured products that often involve tailor-made solutions may use inputs that are partially non-observable in active markets. On initial recognition of these instruments, the transaction price is deemed to reflect the market price, and the profit generated at inception (day one profit) is deferred and taken to income over the period during which the valuation inputs are expected to remain non-observable. When these inputs 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 income.

Special cases

FAIR VALUE OF FINANCIAL INSTRUMENTS RECOGNIZED AT AMORTIZED COST

Financial instruments not carried at fair value on the balance sheet are measured using best-estimate models incorporating certain assumptions at 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 not material during the period;
- short-term financial assets and liabilities (whose initial term is one year or less) to the extent that sensitivity to interest-rate and credit risk is not material during the period;
- demand liabilities;
- transactions in a regulated market (particularly regulated savings products), whose prices are set by the public authorities.

FAIR VALUE OF THE LOAN PORTFOLIO

The fair value of loans is determined using internal valuation models that discount future payments of recoverable capital and interest over the remaining loan term, at the interest rate at which loans are produced in the given month, for loans in the same category and with the same maturities. Early repayment options are factored into the model via an adjustment to loan repayment schedules.

FAIR VALUE OF DEBT

The fair value of fixed-rate debt owed to credit institutions and customers with a term of over one year is deemed to be equal to the present value of future cash flows discounted at the market rate of interest at the balance sheet date.

4.1.7 Impairment of financial assets

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 loss events having occurred since the initial recognition of the asset. A loss event is defined as one that has an impact on the estimated future cash flows of a financial asset and that can be reliably estimated.

Different rules are used for the impairment of equity instruments and debt instruments.

For equity instruments, a long-term or significant decrease in value represents objective evidence of impairment.

Given the clarifications provided by IFRIC in July 2009 and the recommendations issued by the stock market regulators, the Group has been prompted to revise the criteria making it possible to characterize the impairment situations for listed equity instruments.

A decline of over 50% or lasting for over 24 months in the value of a security by comparison with its historical cost now characterizes impairment, leading to the recognition of a loss.

In addition, these impairment criteria are also supplemented by a line-by-line review of the assets that have recorded a decline of over 30% or for more than 6 months in their value by comparison with their historical cost or if events occur liable to represent a material or prolonged decline. 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.

For unlisted equity instruments, a qualitative analysis of their situation is carried out using the valuation techniques described in note 4.1.6.

Impairment losses recognized on equity instruments may not be reversed and nor may they be written back to income. They are recorded in "Net gains or losses 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 debt 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.

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".

Loan impairment

IAS 39 defines the methods for calculating and recognizing impairment of loans.

A loan or receivable is deemed to be impaired if the following two conditions are met:

- there is objective evidence of impairment on an individual or portfolio basis: there are triggering events or loss events identifying counterparty risk occurring after the initial recognition of the loans in question;
- these events generate incurred losses on estimated future cash flows for loans and the measurement of these losses should be reliable.

Impairment is determined as the difference between the amortized cost and the recoverable amount, *i.e.*, the present value of estimated future cash flows recoverable taking into account the impact of any collateral. For short-term assets (maturity of less than 1 year), there is no discounting of future cash flows. Impairment is determined globally, without distinguishing between interest and principal.

Probable losses arising from off-balance sheet commitments are taken into account through provisions recognized on the liability side of the balance sheet.

Two types of impairment are recognized under Cost of risk:

- impairment on an individual basis;
- impairment on a portfolio basis.

IMPAIRMENT ON AN INDIVIDUAL BASIS

Specific impairment is calculated for each receivable on the basis of the maturity schedules determined based on historic recoveries for each category of receivable. Collateral is taken into account when determining the amount of impairment, and when collateral fully covers the risk of default, the receivable is no longer impaired.

IMPAIRMENT ON A PORTFOLIO BASIS

Impairment on a portfolio basis covers the unknown risks on an individual basis. The asset is included in a group of financial assets with similar credit risk characteristics and collectively assessed for impairment in accordance with IAS 39.

When a group of homogeneous financial assets is found to be impaired, the impairment loss is calculated based on expected losses on the loans comprising the group in accordance with the Basel II ratio models.

The opinion of an expert is sought in order to adjust the results of this calculation to the Group's actual risks.

The impairment charge is recognized as an adjustment to the balance sheet line on which the impaired asset was originally presented to show the asset at its net value.

4.1.8 Reclassifications 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) to other categories:

- Reclassification of financial assets held for trading into the "Available-for-sale financial assets" or "Held-to-maturity financial assets" categories. 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 to the "Held-to-maturity financial assets" category. The institution 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 "Loans and receivables" category.

  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 at the reclassification date, with this value serving as the new amortized cost for instruments transferred to categories measured at amortized cost.

A new effective interest rate is then calculated at the reclassification date in order to bring this new amortized cost into 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 gains or losses directly in equity at the reclassification date and taken to the income statement on an actuarial basis. In the event of impairment subsequent to the reclassification date of an instrument previously recorded under available-for-sale financial assets, the unrealized loss recorded under unrealized or deferred gains or losses at the reclassification date and taken to the income statement on an actuarial basis is immediately written back to income.

4.1.9 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 have expired 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 of 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 on the balance sheet to the extent of the Group's continuing involvement.

The Group derecognizes a financial liability (or a part of a financial liability) only 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 represents a financial liability recorded at amortized cost, not at fair value.

The assets received are not recognized in the assignee's books, but a receivable is recorded with respect to the assignor representing the funds lent.

The amount disbursed in respect of the asset is recognized under "Securities bought 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 purchaser recognizes the nominal value of the receivable under "Loans and receivables".

Securities lending

Securities lending/borrowing transactions do not qualify as transfers of financial assets within the meaning of IFRS. Accordingly, the securities loaned are not derecognized. Instead, they are recognized in their original category and measured accordingly. Borrowed securities are not recognized in the borrower's balance sheet.

4.2 INVESTMENT PROPERTY

In accordance with IAS 40, 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 4.3) 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 income. Fair value is calculated using a multi-criteria approach, by capitalizing rent at market interest rates and through comparisons with market transactions.

The fair value of the Group's investment property is based on regular expert appraisals, except in special cases significantly affecting the value of the relevant asset.

Investment property leased under an operating lease may have a residual value that will reduce the depreciable amount of the asset.

Gains or losses on the disposal of investment property are recognized in income on the "Net income or expenses on other activities" line.

4.3 PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

This item includes owner-occupied property, equipment owned and used in the business, equipment acquired under operating leases, property acquired under finance leases and assets temporarily unlet held under finance leases. Interests in non-trading real estate companies (SCIs) are accounted for as property, plant and equipment.

In accordance with IAS 16 and IAS 38, property, plant and equipment and intangible assets are recognized as assets only if they meet the following conditions:

- it is probable that future economic benefits associated with the asset will flow to the enterprise;
- the cost of the asset can be measured reliably.

Property, plant and equipment and intangible assets used in operations are initially recognized at cost plus any directly attributable acquisition costs. Software developed internally that fulfills the criteria for recognition as a non-current 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.

After initial recognition, property, plant and equipment and intangible assets are measured at cost less any accumulated depreciation, amortization or impairment. The depreciable amount of the asset takes account of its residual value where this is material and can be measured reliably.

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 60 years;
- internal 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.

Other items of property, plant and equipment are depreciated over their estimated useful life, which generally ranges from five to ten years.

Property, plant and equipment and intangible assets are tested for impairment whenever there is any evidence that they may be impaired at the balance sheet date. If the revised recoverable amount of the asset is lower than its carrying amount, an impairment loss is recognized in income.

This loss is reversed in the event of a change in the estimated recoverable amount or if there is no longer any evidence of impairment.

The accounting treatment adopted for property, plant and equipment and intangible assets used in operations and financed using finance leases is stated in note 4.9.

Equipment leased under operating leases (Group as lessor) is recognized as an asset on the balance sheet under property, plant and equipment.

4.4 ASSETS HELD FOR SALE AND ASSOCIATED LIABILITIES

Where a decision is made to sell non-current assets and it is highly probable that the sale will occur within 12 months, these assets are shown separately on the balance sheet on the "Non-current assets held for sale" line. Any liabilities associated with these assets are also shown separately on the balance sheet on the "Liabilities associated with non-current assets held for sale" line.

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.

4.5 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 recognized only 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 at the balance sheet date.

Provisions are discounted when the impact of discounting is material.

Additions to and reversals of provisions are recognized on the income statement on the line corresponding to the type of future expense for which the provision was set aside.

4.6 INTEREST INCOME AND EXPENSE

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 partners, are treated as additional interest.

4.7 COMMISSION ON SERVICES

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 deferred 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 income when the service is provided (fund transfers, payment penalties, etc.);
- commissions payable on execution of a significant transaction are recognized in full in income on completion of the transaction.

Fees and commissions that are an integral part of the effective yield on an instrument such as loan commitment or origination fees are recognized and amortized as an adjustment to the effective interest rate over the estimated term of the loan. Accordingly, these fees are recognized as interest income rather than "Fee and commission income".

Fiduciary and similar fees and commissions are those that result in assets being held or invested on behalf of individual customers, pension schemes or other institutions. Trust-management services mainly cover asset-management business and custody services on behalf of third parties.

4.8 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 denominated in foreign currencies are translated into the functional currency of the Group entity on whose balance sheet they are recognized, at the exchange rate ruling at the balance sheet date. All resulting foreign exchange gains and losses are recognized in income, except in the following two cases.

- only the portion of the foreign exchange gains and losses calculated based on the amortized cost of available-for-sale financial assets is recognized in income, with any additional gains and losses being recognized in equity;
- foreign exchange gains and losses 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 ruling at the transaction date, while non-monetary assets measured at fair value are translated using the exchange rate ruling at the balance sheet date. Foreign exchange gains and losses 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.

4.9 FINANCE LEASES AND RELATED ITEMS

Leases are analyzed to determine whether in substance and economic reality they are finance leases or operating leases.

4.9.1 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.

IAS 17 gives five examples of situations that lead to a lease being classified as a finance lease:

- the lease transfers ownership of the asset to the lessee at the end of the lease term;
- the lessee has the option to purchase the asset at a price that is expected to be sufficiently below the fair value at the date the option becomes exercisable for it to be reasonably certain, at the inception of the lease, that the option will be exercised;
- the lease term covers the major part of the asset's economic life;
- at the inception of the lease, the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset;
- the leased assets are of such a specialized nature that only the lessee can use them without major modifications.

IAS 17 also describes three indicators that may also lead to a lease being classified as a finance lease:

- if the lessee can cancel the lease, the lessor's losses associated with the cancellation are borne by the lessee;
- gains or losses from the change in residual fair value accrue to the lessee;
- the lessee has the ability to continue the lease for a secondary period at a rent that is substantially lower than the market rent.

At the inception of the contract, the finance lease receivable is recorded on the lessor's balance sheet in an amount equal to the net investment in the lease, which corresponds to the minimum payments receivable from the lessee discounted at the interest rate implicit in the lease plus any unguaranteed residual value accruing to the lessor.

IAS 17 requires unguaranteed residual values to be reviewed on a regular basis. If there is a reduction in the estimated unguaranteed residual value, the income allocation over the lease term is revised (calculation of a new payment table). Any reduction in respect of amounts accrued is recognized immediately in income and any reduction in respect of future amounts is recognized by revising the interest rate implicit in the lease.

Impairment charges for finance leases are determined using the same method as that described for loans and receivables.

Finance income corresponding to interest is recognized in the income statement under "Interest and similar income". It is recognized based on a pattern reflecting a constant period rate of return on the net investment in the finance lease, using the interest rate implicit in the lease. The rate of return implicit in the lease is the discount rate that makes the following two items equal:

- the aggregate present value of minimum lease payments receivable by the lessor, plus the unguaranteed residual value; and
- the initial value of the asset (*i.e.* fair value at the inception of the lease, plus any direct initial costs comprising expenses incurred specifically by the lessor to set up the lease).

In the lessee's financial statements, finance leases with purchase options are treated as the purchase of an asset financed by a loan.

4.9.2 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.

The leased asset is not recognized on the balance sheet of the lessee. Lease payments are recognized in income on a straight-line basis over the lease term.

4.10 EMPLOYEE BENEFITS

The Group grants its employees a variety of benefits that fall into the four categories described below:

4.10.1 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 at the balance sheet date.

4.10.2 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 notably comprise long service awards to employees.

These benefit obligations are provided for based on the value of the obligations at the balance sheet date.

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).

4.10.3 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.

4.10.4 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.

The same method as described for long-term benefits is used to assess these obligations.

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 from changes in actuarial assumptions (early retirement, discount rate, etc.) or experience adjustments (return on plan assets, etc.) are amortized 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.

4.11 SHARE-BASED PAYMENTS

Share-based payments are those 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 cost to the Group is calculated on the basis of the fair value at 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 unit 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 income 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 under equity-settled plans is an increase in equity.

The Group recognizes a liability for cash-settled plans. The related cost is taken to income over the vesting period and a corresponding fair value adjustment is booked to a debt account.

4.12 DEFERRED TAXES

Deferred taxes are recognized when temporary differences arise between the carrying amount of assets and liabilities on the balance sheet and their tax base.

Deferred taxes are calculated using 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 tax entity. The tax entity may either be a single entity or a tax consolidation group. Deferred tax assets are recognized only 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 a tax benefit or expense in the income statement, except for:

- unrealized gains or losses on available-for-sale assets; and
- changes in the fair value of derivatives used as cash flow hedges, for which the corresponding deferred taxes are recognized as unrealized gains and losses directly in equity.

Deferred taxes are not discounted to their present value.

4.13 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 of 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 of 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 where it results from changes in the value of available-for-sale financial assets and to income where it arises from 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 in income.

Note 5 Notes to the 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, at their date of acquisition or issue, using the fair value option available under IAS 39.

5.1.1 Financial assets at fair value through profit or loss

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.

	12/31/2009			12/31/2008, pro forma		
in millions of euros	Trading book	Fair value option	Total	Trading book	Fair value option	Total
Treasury bills and similar securities	18,651	559	19,210	18,838	722	19,560
Bonds and other fixed-income securities	19,622	4,093	23,715	36,186	13,137	49,323
Fixed-income securities	**38,273**	**4,652**	**42,925**	**55,024**	**13,859**	**68,883**
Equities and other variable-income securities	**14,336**	**10,674**	**25,010**	**17,247**	**11,282**	**28,530**
Loans to credit institutions	984	1,087	2,071	1,109	1,226	2,335
Loans to customers	803	1,356	2,159	2,028	998	3,025
Loans	**1,787**	**2,443**	**4,230**	**3,137**	**2,224**	**5,361**
Repurchase agreements	**0**	**10,963**	**10,963**	**0**	**10,752**	**10,752**
Trading derivatives	**97,800**		**97,800**	**185,069**		**185,069**
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	**152,196**	**28,732**	**180,928**	**260,477**	**38,117**	**298,594**

Conditions for designating financial assets 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	1,593	2,323	736	**4,652**
Equities and other variable-income securities	8,385	2,289	0	**10,674**
Loans and repurchase agreements	1,350	11,734	322	**13,406**
TOTAL	**11,328**	**16,346**	**1,058**	**28,732**

Financial assets accounted for under the fair value option mainly concern assets containing embedded derivatives, such as certain structured loans to local authorities, structured bonds hedged by a derivative 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 assets and liabilities perceived as having an 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

in millions of euros	Exposure to credit risk	Change in fair value attributable to credit risk
Loans to credit institutions	1,087	0
Loans to customers	1,356	0
TOTAL	**2,443**	**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 assets at fair value through profit or loss

Financial liabilities in the trading portfolio include liabilities arising from short-selling transactions, repurchase agreements and derivative instruments.

in millions of euros	12/31/2009	12/31/2008 pro forma
Repurchase agreements	25,506	24,055
Other financial liabilities	2,308	2,181
Financial liabilities held for trading	**27,814**	**26,236**
Trading derivatives	**100,438**	**181,586**
Interbank term accounts and loans	2,960	4,929
Customer term accounts and loans	1,880	2,918
Debt securities	41,139	53,165
Subordinated debt	72	66
Repurchase agreements	6,272	6,266
Other financial liabilities	57	24
Financial liabilities designated at fair value	**52,380**	**67,368**
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	**180,632**	**275,190**

Conditions for designating financial liabilities 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	2,960	0	0	**2,960**
Customer term accounts and loans	1,759	121	0	**1,880**
Debt securities	38,386	2,753	0	**41,139**
Subordinated debt	0	0	72	**72**
Repurchase agreements	0	6,329	0	**6,329**
TOTAL	**43,105**	**9,203**	**72**	**52,380**

Financial liabilities accounted for under the fair value option mainly consist of structured debt issues and structured deposits containing embedded derivatives (e.g., equities for personal savings plans and structured medium-term notes). Most of these transactions are handled by Natixis.

In connection with Natixis' capital markets activities, the use of the fair value option has mainly helped to avoid accounting mismatches between assets and liabilities perceived as having an 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

	12/31/2009			
in millions of euros	Fair value	Contractual amount due at maturity	Difference	Difference attributable to credit risk
Interbank term accounts and loans	2,960	2,799	162	0
Customer term accounts and loans	1,880	1,759	121	0
Debt securities	41,139	41,840	(701)	(415)
Subordinated debt	72	100	(28)	0
Repurchase agreements	6,329	6,329	0	0
TOTAL	**52,380**	**52,827**	**(447)**	**(415)**

The amount contractually due on loans upon maturity includes the outstanding amount of the principal at the balance sheet date plus the accrued interest not yet due. In the case of securities, the redemption value is generally used.

The changes attributable to own credit risk (valuation of the issuer spread) amounted to €415 million, including a negative impact on net banking income for the period of €248 million.

5.1.3 Trading derivatives

The notional amounts of derivative instruments are merely an indication of the volume of the Group's business in financial instruments, 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.

	12/31/2009			12/31/2008, pro forma		
in millions of euros	Notional	Positive fair value	Negative fair value	Notional	Positive fair value	Negative fair value
Interest-rate instruments	4,131,704	64,399	65,513	4,957,075	99,775	100,996
Equity instruments	6,226	21	103	3,314	24	31
Foreign exchange instruments	462,174	7,772	6,823	605,720	16,884	18,020
Other instruments	221,337	210	36	163,044	140	2,433
Futures and forwards	**4,821,441**	**72,402**	**72,475**	**5,729,153**	**116,823**	**121,480**
Interest-rate instruments	1,357,877	1,023	2,362	1,422,299	2,517	2,902
Equity instruments	24,939	4,167	3,645	84,413	6,587	4,681
Foreign exchange instruments	146,502	288	485	166,444	3,010	3,261
Other instruments	692,251	70	63	45,873	3,282	714
Options	**2,221,569**	**5,548**	**6,555**	**1,719,029**	**15,396**	**11,558**
Credit derivatives	**1,376,156**	**19,850**	**21,408**	**846,073**	**52,851**	**48,548**
TOTAL TRADING DERIVATIVES	**8,419,166**	**97,800**	**100,438**	**8,294,255**	**185,070**	**181,586**

5.2 HEDGING DERIVATIVES

Hedging derivatives

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, securities, deposits and subordinated debt.

Fair value hedging is also used to manage their overall interest rate risk position.

The cash flow hedges fix or control the variability of cash flows arising from floating-rate instruments. They are also used to hedge floating-rate loans or deposits and to hedge future fixed-rate transactions.

Cash flow hedging is also used to manage the overall interest rate risk position.

in millions of euros	12/31/2009 Notional	12/31/2009 Positive fair value	12/31/2009 Negative fair value	12/31/2008, pro forma Notional	12/31/2008, pro forma Positive fair value	12/31/2008, pro forma Negative fair value
Interest-rate instruments	441,442	2,417	395	324,887	630	418
Foreign exchange instruments					48	282
Futures and forwards	**441,442**	**2,417**	**395**	**324,887**	**678**	**700**
Interest-rate instruments				720		
Options				**720**		
Fair value hedges	**441,442**	**2,417**	**395**	**325,607**	**678**	**700**
Interest-rate instruments	6,248	69	148	41,876	100	21
Foreign exchange instruments						
Futures and forwards	**6,248**	**69**	**148**	**41,876**	**100**	**21**
Interest-rate instruments				176		
Options				**176**		
Cash flow hedges	**6,248**	**69**	**148**	**42,052**	**100**	**21**
Credit derivatives	**2,827**		**1**	**1,316**		**1**
TOTAL TRADING DERIVATIVES	**450,517**	**2,486**	**544**	**368,975**	**778**	**722**

5.3 AVAILABLE-FOR-SALE FINANCIAL ASSETS

Non-derivative financial assets that coyuld not be classified in any other category (financial assets at fair value, financial assets held to maturity, or loans and receivables).

in millions of euros	12/31/2009	12/31/2008, pro forma
Treasury bills and similar securities	358	522
Bonds and other fixed-income securities	31,884	31,120
Fixed-income securities	**32,242**	**31,642**
Equities and other variable-income securities	**8,474**	**7,408**
Loans to credit institutions	1	0
Loans to customers	2	65
Loans	**3**	**65**
Doubtful loans and receivables	**353**	**196**
AVAILABLE-FOR-SALE FINANCIAL ASSETS, GROSS	**41,072**	**39,311**
Impairment of doubtful loans and receivables	(208)	(125)
Permanent impairment of equities and other variable-income securities	(1,227)	(1,463)
TOTAL AVAILABLE-FOR-SALE FINANCIAL ASSETS	**39,637**	**37,723**

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 50% or for over a 24-month period constitutes evidence of impairment.

5.4 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

5.4.1 Fair value hierarchy

The following table provides a breakdown of financial instruments by type of price and valuation model.

	12/31/2009			
	Price quoted in an active market (Level 1)	Measurement techniques using observable data (Level 2)	Measurement techniques using non-observable data (Level 3)	Total
Financial assets				
Securities	31,959	11,907	8,743	52,609
Derivatives	2,154	92,389	3,257	97,800
Other financial assets	14	1,773		1,787
Financial assets held for trading	**34,127**	**106,069**	**12,000**	**152,196**
Securities	9,148	5,184	993	15,325
Other financial assets	333	11,530	1,544	13,407
Financial assets designated at fair value through profit or loss	**9,481**	**16,714**	**2,537**	**28,732**
Hedging derivatives		**2,486**		**2,486**
Investments in unconsolidated subsidiaries and affiliates	209	705	1,345	2,259
Other securities	26,621	9,928	827	37,376
Other financial assets		2		2
Available-for-sale financial assets	**26,830**	**10,635**	**2,172**	**39,637**
Financial liabilities				
Securities	24,688	966	671	26,325
Derivatives	4,658	94,978	802	100,438
Other financial liabilities	3	1,486		1,489
Financial liabilities held for trading	**29,349**	**97,430**	**1,473**	**128,252**
Other financial liabilities		6,266		6,266
Securities		43,381	2,733	46,114
Financial liabilities designated at fair value through profit or loss		**49,647**	**2,733**	**52,380**
Hedging derivatives		**539**	**5**	**544**

At December 31, 2009, the financial assets and liabilities shown in Level 3 of the fair value hierarchy notably include instruments adversely affected by the financial crisis that were not reclassified in the "Loans and receivables" category under the arrangements provided for in the amended IAS 39 dated October 13, 2008.

This notably concerns the following financial instruments held by the Natixis group:

Subprime ABS CDO portfolios

In the absence of observable market inputs, ABS CDO portfolios with subprime exposure held directly by the Natixis group were valued based on a projection of the losses to completion. At December 31, 2009, an identical cash flow model to that adopted for the US RMBS positions held directly was used for the US RMBS underlying the ABS CDOs.

Cumulative loss rates used (subprime)	12/31/2009
Vintages prior to 2005	4.80%
2005 Vintage	14.80%
2006 Vintage	27.50%
2007 Vintage	42.60%

The following assumptions applied at prior balance sheet dates were maintained:

- taking into account the CCC (or lower) rating of collateral assets by assigning a discount of 97% to these underlyings. For simple securitizations (*i.e.*, excluding Commercial Real Estate CDOs – CRE CDOs, ABS CDOs, ABS CDO Mezzanine for which the 97% discount is retained), the size of this discount was cut to 70% for underlying assets initially rated AAA;
- valuation of non-subprime underlying assets (excluding US RMBSs) held in the structures based on a discounting grid including type, rating and vintage of the transactions.

In addition, it applied a discount for transparency consisting of valuing each tranche of structures in which the Group holds the underlying assets by marking it to market or to the appropriate model.

CDSs entered into with monoline insurers and CDPCs

Transactions with monoline insurers entered into in the form of CDSs by the Natixis group were written down further during the fiscal year owing principally to the downgrading of these counterparties and the widening of the spreads on the underlying assets. These write-downs were determined by applying a uniform rate of recovery of 10% to the underlying assets and a probability of default reflecting the credit risk of the insurer to the unrealized capital losses of the underlying assets insured.

For credit derivatives entered into with CDPCs (Credit Derivatives Product Companies), the probabilities of default were assessed by reviewing portfolios for transparency. The historic average probability of default at maturity for underlying assets was stressed by a factor of 1.3x, taking into account a recovery rate of 20%. The write-downs determined using this method were supplemented by a general provision to reflect the volatility of transactions and the risk of future cash flows being accelerated.

Portfolios of US RMBS, including subprime RMBS

The valuation model applied for non-Agency US RMBSs applied to US RMBS portfolios held by the Natixis group is predicated on a final loss level specific to each RMBS resulting from calculations taking into account cumulative losses at maturity and the defaults recognized. Unrealized capital gains are determined by projecting the final losses based on estimated losses at this date, which in turn result from the delinquency pipeline, the severity of the losses given default and realized losses based on the vintages and assets of the pools.

European RMBSs

The valuation model used for European RMBSs held by the Natixis group consists in calculating 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.

Other instruments

The valuations of the following types of assets held by the Natixis group resulting from securitization transactions for which no price could be identified in the market were performed on the basis of the specific valuation models described below:

For CDOs of asset-backed securities not exposed to the US housing market, a scoring model for structures assigning a level of risk to each on the basis of selective criteria.

For securitizations of the commercial real estate portfolio (Commercial Real Estate -- CRE CDOs and Commercial Mortgage Backed Securities -- CMBSs), a credit stress test was performed based on a valuation model based on projected future cash flows as a function of loss rates per structure (loss rate determined based on that of the underlying loans). Monoline insurance for the structures covered was taken into account by including in the valuation the probability of default for monolines and their loss rate in the event of default. A minimum price was used along with coupon flow estimates taking into account the current rating of structures (3% for the CRE CDOs and CMBS rated AAA and 5% for the other CMBSs).

For Trups CDOs (Trust Preferred Securities), a stress-testing approach was applied using a valuation model based on forecast future cash flows and cumulative 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 features and credit risk, taking stress parameters into account, including the average annual default rate set at 30%, the collection rate set at 65% and the default distribution factor set at 0.8x.

5.4.2 Analysis of assets and liabilities classified in Level 3 of the fair value hierarchy

in millions of euros	01/01/2009	Other changes	Gains and losses recognized during the period: on the income statement	Gains and losses recognized during the period: directly in equity	Purchases/ Issues	Sales/ Redemptions	Reclassifications from and to Levels 1 and 2	12/31/2009
Financial assets								
Securities	2,714	5,537	(876)		1,591	(324)	101	8,743
Derivatives	36	4,136	(1,130)		367	(116)	(36)	3,257
Other financial assets								
Financial assets held for trading	**2,750**	**9,673**	**(2,006)**		**1,958**	**(440)**	**65**	**12,000**
Securities	904	402	5			(35)	(283)	993
Other financial assets	896	744	17		110	(223)		1,544
Financial assets designated at fair value through profit or loss	**1,800**	**1,146**	**22**		**110**	**(258)**	**(283)**	**2,537**
Hedging derivatives		**2**	**(2)**					
Investments in unconsolidated subsidiaries and affiliates	440	1,008	34	74	68	(66)	(213)	1,345
Other securities	52	725	(97)	(35)	1	(19)	200	827
Other financial assets								
Available-for-sale financial assets	**492**	**1,733**	**(63)**	**39**	**69**	**(85)**	**(13)**	**2,172**
Financial liabilities								
Securities	2,006	(1,721)	22		364			671
Derivatives		1	737			43	21	802
Other financial liabilities								
Financial liabilities held for trading	**2,006**	**(1,720)**	**759**		**364**	**43**	**21**	**1,473**
Securities		4,186	(61)		150	(1,584)	42	2,733
Other financial liabilities								
Financial liabilities designated at fair value through profit or loss		**4,186**	**(61)**		**150**	**(1,584)**	**42**	**2,733**
Hedging derivatives		**1**	**4**					**5**

The amounts at January 1, 2009 primarily relate to Natixis. The other changes aside from Natixis relate to the asset contributions for the formation of BPCE.

5.4.3 Sensitivity of Level 3 assets and liabilities to changes in the principal assumptions

All the financial assets and liabilities held for trading and a majority of the other financial instruments classified by the Group in Level 3 of the fair value hierarchy are held by the Natixis group.

An analysis of the sensitivity of the financial instruments held by Natixis and classified in Level 3 of the fair value hierarchy was conducted at December 31, 2009.

Based on the assumptions adopted:

- a normalised change in non-observable inputs conducted based on the standard deviation in the consensus pricing mechanism used to assess inputs (TOTEM) would lead to a change in the fair value of the fixed-income and equity instruments of +/-12 million;
- a flat-rate change of 10% in the loss rate on the ABS CDO underlyings or of 1% for the CMBS and CLO underlyings would lead to a change in fair value of +/-116 million.

5.5 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.

5.5.1 Loans and receivables due from credit institutions

in millions of euros	12/31/2009	12/31/2008 pro forma
Performing loans and receivables	191,172	153,979
Impairment on a portfolio basis	(48)	(45)
NET PERFORMING LOANS AND RECEIVABLES	**191,124**	**153,934**
Doubtful loans and receivables	306	516
Specific impairment	(233)	(280)
NET DOUBTFUL LOANS AND RECEIVABLES	**73**	**236**
TOTAL LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS	**191,197**	**154,170**

The fair value of loans and receivables due from credit institutions was 188,967 million at December 31, 2009.

Breakdown of performing loans and receivables due from credit institutions

in millions of euros	12/31/2009	12/31/2008 pro forma
Current accounts with overdrafts	5,048	8,652
Repurchase agreements	38,941	33,151
Loans and advances	141,413	105,974
Finance leases	0	0
Subordinated and participating loans	4,115	4,700
Securities classified as loans and receivables	1,655	1,502
TOTAL PERFORMING LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS	**191,172**	**153,979**

The *Livret A* and LDD account funds centralized with the Caisse des Dépôts amounted to 153 million at December 31, 2009.

5.5.2 Loans and advances to customers

in millions of euros	12/31/2009	12/31/2008 pro forma
Performing loans and receivables	115,858	127,544
Impairment on a portfolio basis	(1,191)	(962)
NET PERFORMING LOANS AND RECEIVABLES	**114,667**	**126,582**
Doubtful loans and receivables	6,760	2,795
Specific impairment	(2,769)	(1,890)
NET DOUBTFUL LOANS AND RECEIVABLES	**3,991**	**905**
TOTAL LOANS AND ADVANCES DUE FROM CUSTOMERS	**118,658**	**127,487**

The fair value of loans and receivables due from customers was 114,150 million at December 31, 2009.

Breakdown of performing loans and receivables due from customers

in millions of euros	12/31/2009	12/31/2008 pro forma
Current accounts in debit	**7,823**	**9,292**
Loans to financial institutions	6,036	6,336
Short-term credit facilities	28,774	35,311
Equipment loans	9,673	9,699
Home loans	4,418	4,164
Export credits	2,520	2,181
Other	16,793	19,229
Repurchase agreements	13,359	12,484
Subordinated loans	93	66
Other customer loans	**81,666**	**89,470**
Securities classified as loans and receivables	11,748	14,025
Other loans and advances to customers	14,621	14,757
TOTAL PERFORMING LOANS AND ADVANCES DUE FROM CUSTOMERS	**115,858**	**127,544**

5.6 RECLASSIFICATIONS OF FINANCIAL ASSETS

Portfolio of reclassified financial assets

In application of the amendments to IAS 39 and IFRS 7 "Reclassification of financial assets", the Group reclassified some of its financial assets with the characteristics stated in these amendments:

- financial assets recorded in the trading portfolio or available for sale, meeting 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.

Most of the assets reclassified during the second half of 2008 were securitization outstandings (US and European RMBS) and bonds. These reclassifications are summarized in the table shown below:

in millions of euros	12/31/2009 Carrying amount	12/31/2009 Fair value
Assets reclassified in 2008 to		
Available-for-sale financial assets	0	0
Loans and receivables	9,285	8,673
TOTAL SECURITIES RECLASSIFIED IN 2008	**9,285**	**8,673**
TOTAL SECURITIES RECLASSIFIED IN 2009	**0**	**0**
TOTAL RECLASSIFIED SECURITIES	**9,285**	**8,673**

Gains and losses that would have been recognized had the reclassifications not been made

	Fiscal 2009
Change in the fair value	
• that would have been recognized in income if the securities had not been reclassified	(684)
• that would have been recognized in gains and losses recognized directly in equity if the securities had not been reclassified	(173)

5.7 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 and, more particularly, fixed-income securities representing insurance company investments.

in millions of euros	12/31/2009	12/31/2008 pro forma
Treasury bills and similar securities	1,974	1,560
Bonds and other fixed-income securities	3,512	4,851
Gross amount of held-to-maturity financial assets	**5,486**	**6,411**
Impairment	(1)	0
TOTAL HELD-TO-MATURITY FINANCIAL ASSETS	**5,485**	**6,411**

The fair value of held-to-maturity financial assets was 5,761 million at December 31, 2009 compared with 6,492 million at December 31, 2008.

5.8 DEFERRED TAXES

Analysis of deferred tax assets and liabilities by type

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	12/31/2009
Unrealized gains on mutual funds	5
Fiscal EIGs	(57)
Provisions for employee benefit obligations	120
Provisions for home savings products	2
Other non-deductible provisions	953
Other sources of temporary differences	(53)
Deferred taxes relating to temporary differences arising on the application of tax rules	**970**
Deferred taxes arising on the capitalization of tax loss carryforwards	**4,119**
Changes in fair value of financial instruments recorded in equity	212
Other balance sheet valuation adjustments	(154)
Deferred taxes arising on the application of IFRS-compliant measurement criteria	**58**
Deferred taxes on consolidation adjustments and eliminations	**(187)**
Unrecognized deferred taxes	**(1,588)**
Net deferred tax assets	**3,372**
Deferred taxes recognized:	
As assets on the balance sheet	3,691
As liabilities on the balance sheet	319

5.9 ACCRUED INCOME, PREPAID EXPENSES AND OTHER ASSETS

in millions of euros	12/31/2009	12/31/2008 pro forma
Items in the course of collection	2,236	3,096
Prepaid expenses	178	131
Accrued income	523	821
Other accruals	8,959	5,460
ACCRUAL ACCOUNTS - ASSETS	**11,896**	**9,508**
Security deposits paid	1,810	3,689
Settlement accounts in debit on securities transactions	517	1,262
Reinsurers' share of technical reserves	441	497
Miscellaneous debtors	21,169	15,904
OTHER ASSETS	**23,937**	**21,352**
TOTAL ACCRUED INCOME AND OTHER ASSETS	**35,833**	**30,860**

5.10 DEFERRED PROFIT SHARING

in millions of euros	12/31/2009	12/31/2008 pro forma
Deferred policyholders' participation - assets	0	925
Deferred policyholders' participation - liabilities	485	4
TOTAL NET DEFERRED PROFIT SHARING	**485**	**(921)**
o/w deferred policyholders' participation recognized in equity	*(526)*	*629*

5.11 INVESTMENTS IN ASSOCIATES

The Group's main investments in associates are as follows:

in millions of euros	12/31/2009	12/31/2008 pro forma
Financial sector companies	**10,931**	**9,799**
CNP Assurances (group)	1,482	1,244
Investments in the Natixis group	9,226	8,337
Crédit Immobilier Hotelier	130	123
Other	93	95
Non-financial companies	**29**	**43**
Other	29	43
TOTAL INVESTMENTS IN ASSOCIATES	**10,960**	**9,842**

The financial data published by the principal companies accounted for by the equity method was as follows:

in millions of euros	Total assets at 12/31/2009	Net banking income or revenues Fiscal 2009	Net income Fiscal 2009
CNP Assurances (group)	301,877	32,524	1,004

5.12 INVESTMENT PROPERTY

	12/31/2009			12/31/2008 pro forma		
in millions of euros	Cost	Accumulated depreciation and impairment	Net	Cost	Accumulated depreciation and impairment	Net
Recognized at fair value	532		532	525		525
RECOGNIZED AT HISTORICAL COST	**729**	**(318)**	**411**	**852**	**(321)**	**531**
TOTAL INVESTMENT PROPERTY	**1,261**	**(318)**	**943**	**1,377**	**(321)**	**1,056**

The fair value of investment properties came to €1,115 million at December 31, 2009.

The investment properties recognized at fair value are those representing investments by insurance companies.

5.13 PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

in millions of euros	12/31/2009 Cost	12/31/2009 Accumulated depreciation and impairment	12/31/2009 Net	12/31/2008 pro forma Cost	12/31/2008 pro forma Accumulated depreciation and impairment	12/31/2008 pro forma Net
Property, plant and equipment						
• Land and buildings	720	(293)	427	834	(336)	498
• Equipment, furniture and other property, plant and equipment	1,141	(719)	422	1,039	(604)	435
TOTAL PROPERTY, PLANT AND EQUIPMENT	**1,861**	**(1,012)**	**849**	**1,873**	**(940)**	**933**
Intangible assets						
• Leasehold rights	67	(13)	54	13	(2)	11
• Software	1,071	(563)	508	822	(464)	358
• Other intangible assets	324	(83)	241	529	(95)	434
TOTAL INTANGIBLE ASSETS	**1,462**	**(659)**	**803**	**1,364**	**(561)**	**803**

5.14 GOODWILL

Changes in the year

in millions of euros	2009
Value at January 1	**3,787**
Acquisitions	310
Disposals	(468)
Translation adjustments	(21)
Impairment over the period	(326)
Other changes	(3)
Value at December 31, 2009	**3,279**

At December 31, 2009, gross goodwill came to €3,745 million, with impairment totalling €466 million.

Breakdown of goodwill

	Carrying amount	
in millions of euros	**12/31/2009**	**12/31/2008**
Société Marseillaise de Crédit	471	797
Océor group	56	167
• *BCP Luxembourg*	*16*	*16*
• *Banque de Tahiti*	*14*	*14*
• *Banque Tuniso-Koweitienne*	*12*	*102*
• *Océorane*	*0*	*16*
• *Banque de la Réunion*	*7*	*7*
• *Banque de Nouvelle-Calédonie*	*6*	*6*
• *Other*	*1*	*6*
Natixis	2,752	2,823
• *Savings*	*2,122*	*1,737*
• *Specialized Financial Services*	*61*	*523*
• *Coface*	*529*	*514*
• *Private equity*	*13*	*22*
• *Other*	*27*	*27*
TOTAL GOODWILL	**3,279**	**3,787**

In accordance with the applicable regulations, each goodwill item was tested for impairment, in accordance with regulations in force, based on the value in use of the business activities of the entities.

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:

	Cost of capital/weighted average cost of capital	Long-term growth rate
SMC	9.0%	2.5%
Natixis		
• *Savings*	*9.9%*	*2.5%*
• *Specialized Financial Services*	*10.4%*	*2.5%*
• *COFACE*	*10.0%*	*2.0%*

5.15 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".

5.15.1 Amounts due to credit institutions

in millions of euros	12/31/2009	12/31/2008 pro forma
Demand deposits	22,651	8,645
Repurchase agreements	2,187	1,189
Accrued interest	9	27
Amounts due to credit institutions	**24,847**	**9,861**
Term deposits and loans	102,287	97,134
Repurchase agreements	23,243	30,369
Accrued interest	819	1,256
Amounts due to credit institutions - repayable at agreed maturity dates	**126,349**	**128,759**
TOTAL AMOUNTS DUE TO CREDIT INSTITUTIONS	**151,196**	**138,620**

The fair value of amounts due to credit institutions was €151,299 million at December 31, 2009.

5.15.2 Amounts due to customers

in millions of euros	12/31/2009	12/31/2008 pro forma
Current accounts in credit	**10,883**	**16,300**
Livret A	303	91
PEL/CEL products	352	356
Other regulated savings accounts	1,950	1,618
Accrued interest	22	33
Regulated savings accounts	**2,627**	**2,098**
Demand deposits and loans	4,790	11,246
Term deposits and loans	12,816	12,226
Accrued interest	105	66
Other customer accounts	**17,711**	**23,538**
Demand accounts	4,292	4,349
Term accounts	18,283	19,823
Accrued interest	13	83
Repurchase agreements	**22,588**	**24,255**
Other amounts due to customers	**2,271**	**2,158**
TOTAL AMOUNTS DUE TO CUSTOMERS	**56,080**	**68,349**

Term deposits notably include €4,677 million in borrowings subscribed with the SFEF *(Société de Financement de l'Économie Française).*

The fair value of amounts due to customers was €55,688 million at December 31, 2009.

5.16 DEBT SECURITIES

Debt securities are classified based on the nature of the underlying, with the exception of subordinated notes presented under "Subordinated debt".

in millions of euros	12/31/2009	12/31/2008 pro forma
Bonds	48,501	55,427
Interbank market instruments and money market instruments	59,182	40,030
Other debt securities	0	149
TOTAL	**107,683**	**95,606**
Accrued interest	513	956
TOTAL DEBT SECURITIES	**108,196**	**96,562**

The fair value of debt securities was €109,252 million at December 31, 2009.

5.17 ACCRUED EXPENSES AND OTHER LIABILITIES

in millions of euros	12/31/2009	12/31/2008 pro forma
Items in the course of collection	2,453	4,776
Prepaid income	571	382
Accounts payable	1,223	1,555
Other accruals	5,832	1,556
Accrual accounts - liabilities	**10,079**	**8,269**
Settlement accounts in credit on securities transactions	421	1,786
Sundry payables	13,397	21,609
Other liabilities	**13,818**	**23,395**
TOTAL ACCRUED EXPENSES AND SUNDRY LIABILITIES	**23,897**	**31,664**

5.18 TECHNICAL RESERVES OF INSURANCE COMPANIES

in millions of euros	12/31/2009	12/31/2008 pro forma
Technical reserves of non-life insurance companies	**2,591**	**2,506**
Technical reserves of life insurance companies in euros	28,460	26,561
Technical reserves of life insurance companies in unit-linked accounts	5,563	4,967
Technical reserves of life insurance companies	**34,023**	**31,528**
Technical reserves of investment contracts	**15**	**32**
Deferred policyholders' participation	**485**	**4**
TOTAL TECHNICAL RESERVES OF INSURANCE COMPANIES	**37,114**	**34,070**

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 income from participating insurance contracts in the form of a cumulative amount allocated to policyholders as a class and not yet distributed to individual policyholders.

5.19 PROVISIONS

in millions of euros	01/01/2009	Increase	Use	Reversals unused	Other movements[1]	12/31/2009
Provisions for employee benefits	**376**	**69**	**(11)**	**(32)**	**(17)**	**385**
Provisions for off-balance sheet commitments	666	454	(17)	(186)	(56)	861
Provisions for restructuring costs	*163*	*81*	*(198)*	*7*	*12*	*65*
• *Provisions for claims and litigation*	*153*	*46*	*(4)*	*(24)*	*6*	*177*
Other	320	141	(34)	(66)	(46)	315
Other provisions	**1,302**	**722**	**(253)**	**(269)**	**(84)**	**1,418**
TOTAL PROVISIONS	**1,678**	**791**	**(264)**	**(301)**	**(101)**	**1,803**

(1) The €(101) million in other movements included an impact of €(15) million related to the currency translation, €(23) million in changes in the scope of consolidation and €(62) million in reclassifications of provisions to impairment on the asset aside.

5.20 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.

in millions of euros	12/31/2009	12/31/2008 pro forma
Term subordinated debt	13,848	14,272
Perpetual subordinated debt	91	196
Perpetual deeply subordinated debt	0	6,528
Mutual guarantee deposits	1	0
SUB-TOTAL	**13,940**	**20,996**
Accrued interest	311	456
Gains and losses on the hedged component	297	350
TOTAL SUBORDINATED DEBT	**14,548**	**21,802**

Movements in subordinated debt during the year

in millions of euros	01/01/2009	Issuance	Redemption	Other movements[1]	12/31/2009
Term subordinated debt	14,272	137	(105)	(456)	13,848
Perpetual subordinated debt	196			(105)	91
Perpetual deeply subordinated debt	6,528	2,000	(1,226)	(7,302)	
Mutual guarantee deposits				1	1
Accrued interest	456	///	///	(145)	311
Gains and losses on the hedged component	350	///	///	(53)	297
TOTAL	**21,802**	**2,137**	**(1,331)**	**(8,060)**	**14,548**

(1) Deeply subordinated debt securities classified as equity instruments are detailed in note 5.21.2.

5.21 ORDINARY SHARES AND EQUITY INSTRUMENTS ISSUED

5.21.1 Preferred shares

The French state subscribed preferred shares issued by BPCE SA in July 2009 for a total of €3,000 million.

5.21.2 Perpetual deeply subordinated notes classified as equity

in millions of euros

Issuing entity	Date of issuance	Currency	Amount *(in original currency)*	Date of the 1st redemption option	Date of interest step-up	Rate	12/31/2009 (in millions of euros) Nominal
BPCE	November 26, 2003	EUR	800 million	July 30, 2014	July 30, 2014	5.25%	800
BPCE	July 30, 2004	USD	200 million	March 31, 2010	none	Min (10-year CMT + 0.3%; 9%)	137
BPCE	October 6, 2004	EUR	700 million	July 30, 2015	July 30, 2015	4.63%	700
BPCE	October 12, 2004	EUR	80 million	January 12, 2010	none	Min (3-m Euribor; 7%)	80
BPCE	January 27, 2006	USD	300 million	January 27, 2012	none	6.75%	205
BPCE	February 1, 2006	EUR	350 million	February 1, 2016	none	4.75%	350
BPCE	October 30, 2007	EUR	850 million	October 30, 2017	October 30, 2017	6.12%	850
BPCE	December 11, 2008	EUR	1,100 million	December 11, 2013	none	8.49%	1,100
BPCE	December 11, 2008	EUR	200 million	December 11, 2013	none	8.49%	200
BPCE	June 26, 2009	EUR	1,000 million	June 26, 2014	none	8.36%	1,000
BPCE	June 26, 2009	EUR	1,000 million	June 26, 2014	none	8.36%	1,000
BPCE	August 6, 2009	EUR	52 million	September 30, 2015	none	13.00%	52
BPCE	August 6, 2009	EUR	374 million	September 30, 2019	September 30, 2019	12.50%	374
BPCE	August 6, 2009	USD	134 million	September 30, 2015	none	13.00%	91
BPCE	August 6, 2009	USD	444 million	September 30, 2019	September 30, 2019	12.50%	304
BPCE	October 22, 2009	EUR	750 million	April 22, 2015	none	9.25%	750
TOTAL							**7,993**

5.22 CHANGE IN GAINS AND LOSSES RECOGNIZED DIRECTLY IN EQUITY

in millions of euros	Fiscal 2009
Translation adjustments	42
Change in the value of available-for-sale financial assets	703
Change in value over the period affecting equity	*521*
• *Change in value over the period taken to net income*	*182*
Change in the value of hedging derivatives	(66)
Taxes	(38)
Share of gains and losses recognized directly in the equity of associates	229
Gains and losses recognized directly in equity (after tax)	**870**
Attributable to equity holders of the parent	660
Minority interests	210

	Fiscal 2009		
in millions of euros	Gross	Taxes	Net
Translation adjustments	42	///	42
Change in the value of available-for-sale financial assets	703	(48)	655
Change in the value of hedging derivatives	(66)	10	(56)
Share of gains and losses recognized directly in the equity of associates	///	///	229
TOTAL GAINS AND LOSSES RECOGNIZED DIRECTLY IN EQUITY	**679**	**(38)**	**870**
Attributable to equity holders of the parent	488	(30)	660
Minority interests	191	(8)	210

Note 6 Notes to the income statement

6.1 INTEREST 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, it being specified that accrued interest on cash flow hedging derivatives is taken to income in the same manner and period as the accrued interest on the hedged item.

	Fiscal 2009			Fiscal 2008 pro forma		
in millions of euros	Income	Expense	Net	Income	Expense	Net
Loans and receivables due from customers	3,100	(519)	2,581	6,040	(2,663)	3,377
Loans and receivables due from credit institutions	5,562	(3,577)	1,985	11,595	(9,815)	1,780
Finance leases	384		384	430		430
Debt securities and subordinated debt	////	(3,384)	(3,384)	////	(5,337)	(5,337)
Hedging derivatives	1,575	(1,697)	(122)	2,641	(3,032)	(391)
Available-for-sale financial assets	1,178		1,178	1,636		1,636
Held-to-maturity financial assets	329		329	425		425
Impaired financial assets	19		19	14		14
Other interest income and expense	1,744	(16)	1,728	39	(59)	(20)
TOTAL INTEREST INCOME AND EXPENSE	**13,891**	**(9,193)**	**4,698**	**22,820**	**(20,906)**	**1,914**

The impact of the remeasurement at fair value of the perpetual deeply subordinated notes issued by the CNCE and by Natixis came to €1,736 million and was entered on the "Other interest income" line.

6.2 FEE AND 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".

	Fiscal 2009			Fiscal 2008 pro forma		
in millions of euros	Income	Expense	Net	Income	Expense	Net
Cash and interbank transactions	6	(26)	(20)	28	(26)	2
Customer transactions	592	(71)	521	758	(168)	590
Financial services	451	(526)	(75)	481	(627)	(146)
Sales of life insurance products	32		32	23		23
Payment processing services	293	(111)	182	371	(107)	264
Securities transactions	289	(123)	166	263	(170)	93
Trust management services	1,727	0	1,727	2,161	(57)	2,104
Financial instruments and off-balance sheet trading	168	(76)	92	177	(39)	138
Other commissions and fees	288	(531)	(243)	304	(278)	26
TOTAL COMMISSION INCOME AND EXPENSE	**3,846**	**(1,464)**	**2,382**	**4,566**	**(1,472)**	**3,094**

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.

"Gains/(losses) on hedging transactions" include gains and losses arising from the remeasurement of derivatives used as fair value hedges, as well as gains and losses from the remeasurement of the hedged item in the same manner, the remeasurement at fair value of the macro-hedged portfolio and the ineffective portion of cash flow hedges.

in millions of euros	Fiscal 2009	Fiscal 2008 pro forma
Gains and losses on financial instruments held for trading	18	(1,327)
Gains and losses on financial instruments designated at fair value through profit or loss	(328)	(1,563)
Gains and losses on Hedging transactions	205	67
Gains and losses on foreign exchange transactions	(166)	377
TOTAL NET GAIN OR LOSS ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS	**(271)**	**(2,446)**

Day One Profit

in millions of euros	Fiscal 2009
Day one profit at the start of the year	183
Deferred profit on new transactions	30
Profit recognized in income during the year	(80)
Other changes	
DAY-ONE PROFIT AT THE END OF THE YEAR	**133**

At December 31, 2009, instruments for which trading profit/loss at inception was deferred consisted mainly of:

- structured products with multiple underlyings (equities and indexes);
- options on funds;
- hybrid interest rate and inflation-indexed products;
- interest-rate futures and forwards;
- securitization swaps;
- structured credit products (CDS, CDO, FTD);
- carbon-based derivatives.

6.4 NET GAIN OR LOSS 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	Fiscal 2009	Fiscal 2008 pro forma
Gains or losses on disposals	(15)	85
Dividends received	241	314
Impairment of variable-income securities	(523)	(739)
TOTAL NET GAIN OR LOSS ON AVAILABLE-FOR-SALE FINANCIAL ASSETS	**(297)**	**(340)**

6.5 INCOME AND EXPENSES FROM 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).

	Fiscal 2009			Fiscal 2008 pro forma		
in millions of euros	Income	Expense	Net	Income	Expense	Net
Income and expense related to insurance business	**5,385**	**(6,125)**	**(740)**	**5,348**	**(3,952)**	**1,396**
Income and expense related to real estate activities	**5**	**(35)**	**(30)**	**0**	**0**	**0**
Income and expense related to leasing transactions	**31**	**(37)**	**(6)**	**43**	**(38)**	**5**
Income and expense related to investment property	**63**	**(58)**	**5**	**51**	**(47)**	**4**
Share of joint ventures	44	(87)	(43)	77	(126)	(49)
Transfers of expenses and income	42	(25)	17	48	(43)	5
Other operating income and expense	1,032	(216)	816	845	(391)	454
Additions to and reversals from provisions	23	(53)	(30)	26	(51)	(25)
Other banking income and expense	**1,141**	**(381)**	**760**	**996**	**(611)**	**385**
TOTAL INCOME AND EXPENSE ARISING FROM OTHER ACTIVITIES	**6,625**	**(6,636)**	**(11)**	**6,438**	**(4,648)**	**1,790**

Income and expense on insurance business

The table shown below provides a transition between the financial statements of insurance companies included in the scope of consolidation and their translation into the financial statements of the BPCE SA group in accordance with the presentation applicable to banks.

		Banking format			
in millions of euros	Insurance format	NBI	Operating expenses	Gross operating income	Cost of risk
Earned premiums	5,448	5,448		5,448	
Revenue or income from other activities	552	552		552	
Other operating income	41	41		41	
Net financial income before finance costs	1,535	1,522	(6)	1,516	19
TOTAL REVENUES	**7,576**	**7,563**	**(6)**	**7,557**	**19**
Claims and benefits expenses	(6,280)	(6,174)	(106)	(6,280)	
Expenses on other activities					
Net income from reinsurance cessions	13	13		13	
Policy acquisition costs	(507)	(346)	(161)	(507)	
Administrative expenses	(413)	(181)	(232)	(413)	
Other operating income and expenses/recurring	(426)	(19)	(382)	(401)	(25)
TOTAL OTHER RECURRING INCOME AND EXPENSE	**(7,613)**	**(6,707)**	**(881)**	**(7,588)**	**(25)**
OPERATING INCOME	**(37)**	**856**	**(887)**	**(31)**	**(6)**

Income and expense recognized for insurance contracts are included under the "Income from other activities" and "Expense on other activities" components of net banking income.

Other components of the operating income 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 general operating expenses by nature whereas they are charged by function in the insurance presentation.

6.6 GENERAL 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	Fiscal 2009	Fiscal 2008 pro forma
Personnel costs	**(3,151)**	**(3,259)**
Income and other taxes	(143)	(132)
External services	(2,114)	(2,282)
Other expenses	(1)	0
Other administrative costs	**(2,258)**	**(2,414)**
TOTAL OPERATING EXPENSES	**(5,409)**	**(5,673)**

The breakdown of personnel costs is provided in note 8.1.

The 2010 French finance act scrapped French tax entities' liability to business tax from 2010 and replaced it with the CET (*contribution économique territoriale* or territorial economic contribution) levy, which has two new components:

- the business land contribution (CFE, *cotisation foncière des entreprises*) based on the rateable property values of current business license tax;
- the business value-added contribution (CVAE, *cotisation sur la valeur ajoutée des entreprises*), based on the value-added as shown in individual financial statements.

The Group has reached the conclusion that this change in the tax framework primarily comprised a change in the way in which French local taxation is calculated, without changing its nature, and that it will need to recognize these two new contributions under operating costs during 2010, without any change on that adopted for business tax.

No deferred tax expense was recognized for these new levies in the consolidated financial statements at December 31, 2009.

6.7 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	Fiscal 2009	Fiscal 2008 pro forma
Interbank items	(288)	(258)
Customer transactions	(3,022)	(1,496)
Other financial assets	(67)	(130)
Off-balance sheet commitments	(454)	(615)
Additions to impairment losses and provisions	**(3,831)**	**(2,499)**
Interbank items	228	2
Customer transactions	2,030	636
Other financial assets	50	38
Off-balance sheet commitments	203	50
Reversals from impairment losses and provisions	**2,511**	**726**
Losses on irrecoverable interbank loans and receivables	(13)	(5)
Losses on irrecoverable customer loans and receivables	(1,182)	(153)
Losses on other financial assets	(291)	(19)
Losses on irrecoverable loans and receivables	**(1,486)**	**(177)**
Recoveries of loans and receivables previously written off	**18**	**66**
Cost of risk	**(2,788)**	**(1,884)**

6.8 SHARE OF INCOME/(LOSS) OF ASSOCIATES

in millions of euros	12/31/2009	Fiscal 2008 pro forma
Financial sector companies	**584**	**388**
CNP Assurances (group)	148	104
Investments in the Natixis group	428	265
Crédit Immobilier Hotelier	7	15
Other	1	4
Non-financial companies	**(12)**	**0**
Other	(12)	0
SHARE OF INCOME/(LOSS) OF ASSOCIATES	**572**	**388**

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 consolidated investments.

in millions of euros	Fiscal 2009	Fiscal 2008 pro forma
Gains or losses on disposals of property, plant and equipment and intangible assets used in operations	3	(4)
Gains or losses on consolidated investments	(28)	349
TOTAL GAINS OR LOSSES ON OTHER ASSETS	**(25)**	**345**

In 2009, gains and losses on consolidated investments included mainly the capital loss of €31 million on the sale of CACEIS, the gain on the sale of Cerved of €20 million and the €26 million loss on the planned sale in the first half of 2010 of part of Natixis Private Equity's portfolio.

In 2008, gains and losses on consolidated investments included mainly an accretion gain of €222 million from BPCE's holding in Natixis and a €105 million gain from the transfer from Natixis to CACEIS of its custody businesses.

6.10 CHANGE IN THE VALUE OF GOODWILL

During 2009, the change in the value of goodwill came to €(326) million. It derived from impairment in the goodwill related to Société Marseillaise de Crédit (€206 million) and Banque Tuniso-Koweïtienne (€90 million).

During 2008, the change in the value of goodwill came to €(90) million. This change derived from impairment in the goodwill related to the corporate and investment banking activities of Natixis (€73 million) and Océorane (€(17) million).

6.11 INCOME TAXES

6.11.1 Income tax components

in millions of euros	Fiscal 2009	Fiscal 2008 pro forma
Current income taxes	(31)	(147)
Deferred income taxes	1,216	753
INCOME TAXES	**1,185**	**606**

6.11.2 Reconciliation between the tax charge in the financial statements and the theoretical tax charge

in millions of euros	Fiscal 2009
Net income attributable to equity holders of the parent	(69)
Change in the value of goodwill	326
Minority interests	(494)
Share of income/(loss) of associates	(572)
Taxes	(1,185)
Income before tax and change in the value of goodwill (A)	**(1,994)**
Standard income tax rate in France (B)	**34.43%**
Theoretical tax expense/(benefit) at the rate in force in France (A*B)	**687**
Impact of the change in unrecognized deferred taxes	(408)
Effect of the restructuring of deeply subordinated notes	598
Impact of permanent differences	(9)
Reduced rate of tax and tax-exempt activities	(41)
Difference in tax rates on income taxed outside France	(3)
Tax on previous fiscal years, tax credits and other tax	315
Other items	46
Income taxes	**1,185**
Effective tax rate (income tax expense on income divided by taxable income)	**59.40%**

Note 7 Risk exposure and regulatory ratios

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 CAPITAL MANAGEMENT AND REGULATORY CAPITAL REQUIREMENTS

The Group is required to comply with prudential rules established by French regulatory bodies, pursuant to the transposition into French law of the European Directives on the capital adequacy of investment firms and credit institutions and on financial conglomerates.

The Order of February 20, 2007 issued by the French Ministry of the Economy, Finance and Industry defined the method for calculating the Basel II capital adequacy ratio as the ratio between total regulatory 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;
- 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	12/31/2009
Equity attributable to equity holders of the parent	23,167
Minority interests	4,541
Issues of hybrid Tier-1 instruments	8,958
Deductions (incl. goodwill and intangible assets)	(14,985)
Tier-1 capital before deductions	**21,681**
Tier-2 capital before deductions	**13,134**
Capital deductions	**(15,826)**
• o/w deductions from Tier-1 capital	(6,225)
• o/w deductions from Tier-2 capital	(6,225)
Regulatory capital	**18,989**

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 equity, excluding filtered 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 and minority interests 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 preferred stock.

A discount of 20% is applied to all subordinated debt instruments with a maturity of less than five years.

Tier-2 capital is taken into account only 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.

Since its formation on July 31, 2009, the BPCE SA group has complied with these solvency ratio requirements.

7.2 CREDIT AND COUNTERPARTY RISK MANAGEMENT

Disclosures relating to the management of credit risk required by IFRS 7 and provided in the risk management report related solely to the scope of the Groupe BPCE.

7.2.1 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.

7.2.2 Total exposure to credit risk and counterparty risk

The table below shows the credit risk exposure for all the BPCE SA group's financial assets. 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	Additions to impairment losses and provisions	Net outstandings at 12/31/2009
Financial assets at fair value through profit or loss (excluding variable-income securities)	155,918			155,918
Hedging derivatives	2,486			2,486
Available-for-sale financial assets (excluding variable-income securities)	32,245	353	(208)	32,390
Interbank items	191,172	306	(281)	191,197
Customer transactions	115,858	6,760	(3,960)	118,658
Held-to-maturity financial assets	5,485	2	(1)	5,486
Exposure to balance sheet commitments	**503,164**	**7,421**	**(4,450)**	**506,135**
Financial guarantees given	138,665	149		138,814
Off-balance sheet commitments	78,091	492	(861)	77,722
Exposure to off-balance sheet commitments	**216,756**	**641**	**(861)**	**216,536**
TOTAL CREDIT RISK EXPOSURE	**719,920**	**8,062**	**(5,311)**	**722,671**

The “Impairment and provisions” column includes provisions calculated on an individual basis as well as portfolio-assessed provisions.

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.

7.2.3 Impairment and provisions for credit risk

in millions of euros	12/31/2008	Additions	Reversals	Other changes	12/31/2009
Available-for-sale financial assets	125	66	(50)	67	208
Interbank items	325	288	(228)	(104)	281
Customer transactions	2,851	3,022	(2,030)	117	3,960
Held-to-maturity financial assets	0	1		0	1
Impairment losses recognized in assets	**3,301**	**3,377**	**(2,308)**	**80**	**4,450**
Provisions for off-balance sheet commitments	**666**	**454**	**(203)**	**(56)**	**861**
TOTAL IMPAIRMENT AND PROVISIONS FOR CREDIT RISK	**3,967**	**3,831**	**(2,511)**	**24**	**5,311**

7.2.4 Financial assets with past due payments and guarantees received as collateral

Assets 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 financial statements;
- a current account carried in “Loans and receivables” is considered past due if the overdraft period or authorized limit has been exceeded at 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:

in millions of euros	<=90 days	>90 days and <=180 days	>180 days and <=1 year	> 1 year	Outstandings impaired	Total
Debt instruments	0	0	0	0	0	0
Loans and receivables	79	7	24	20	4,064	4,194
Other financial assets	0	0	0	0	0	0
TOTAL PAST DUE PAYMENTS	**79**	**7**	**24**	**20**	**4,064**	**4,194**

7.2.5 Restructured loans and receivables

The table below provides the carrying amount of restructured loans and receivables (renegotiated due to financial difficulties experienced by the debtor) presented as performing loans:

in millions of euros	12/31/2009
Available-for-sale financial assets	10
Loans and receivables due from credit institutions	41
Loans and receivables due from customers	170
TOTAL RESTRUCTURED LOANS	**221**

7.2.6 Credit risk mitigation mechanisms: Assets obtained by taking possession of collateral

The following table shows by type the carrying amount of assets (securities, real estate, etc.) obtained by taking possession of collateral or other forms of credit enhancement.

in millions of euros	12/31/2009
Property, plant and equipment	1
Investment property	15
Debt and equity instruments	131
TOTAL ASSETS OBTAINED BY TAKING POSSESSION OF COLLATERAL	**147**

7.3 MARKET RISK

Market risk refers to the possibility of financial loss due to market movements, 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 presented in the risk management report.

7.4 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 Group's approach to the management of currency risk is discussed in the risk management report.

7.5 LIQUIDITY RISK

7.5.1 Liquidity risk management

Liquidity risk is the risk that the Group will be unable to honor its payment obligations as they fall due and replace funds when they are withdrawn.

The refinancing procedures and liquidity risk management arrangements are disclosed in the risk management report.

7.5.2 Assets and liabilities by residual maturity

The table below analyzes the present value of financial assets and liabilities by contractual maturity date:

in millions of euros	Less than 3 months	From 3 months to 1 year	From 1 to 5 years	Over 5 years	Perpetual	Total
Cash and amounts due from central banks	8,755					8,755
Trading derivatives	97,799	////	////	////	////	97,799
Other financial assets at fair value through profit or loss	13,190	11,626	13,940	19,363	25,010	83,129
Hedging derivatives	321	87	825	1,253	0	2,486
Available-for-sale financial assets	4,957	4,248	9,584	13,409	7,439	39,637
Loans and receivables due from credit institutions	52,124	40,831	50,621	47,502	119	191,197
Loans and receivables due from customers	34,099	10,458	42,670	31,391	40	118,658
Revaluation differences on portfolios hedged against interest-rate risk	0	////	////	////	////	0
Held-to-maturity financial assets	29	354	1,664	3,438		5,485
FINANCIAL ASSETS BY MATURITY	**211,274**	**67,604**	**119,304**	**116,356**	**32,608**	**547,146**
Amounts due to central banks	213					213
Trading derivatives	100,438	////	////	////	////	100,438
Other financial liabilities at fair value through profit or loss	41,697	6,224	21,350	10,923	0	80,194
Hedging derivatives	456	(18)	11	92	3	544
Amounts due to credit institutions	55,678	53,339	24,027	18,076	76	151,196
Amounts due to customers	44,508	4,052	6,120	745	655	56,080
Debt securities	54,193	15,345	20,143	17,472	1,043	108,196
Revaluation differences on portfolios hedged against interest-rate risk	620	////	////	////	////	620
Subordinated debt	585	819	2,897	10,156	91	14,548
FINANCIAL LIABILITIES BY MATURITY	**298,388**	**79,761**	**74,548**	**57,464**	**1,868**	**512,029**

Current financial assets and liabilities concern amounts payable or receivable in less than twelve months. At December 31, 2009, current financial assets amounted to €278,878 million and current financial liabilities were €378,149 million.

Note 8 Employee benefits

8.1 PERSONNEL COSTS

in millions of euros	12/31/2009
Wages and salaries	(2,221)
Expenses under defined contribution plans	(162)
Other social security charges and payroll-based taxes	(666)
Profit-sharing and incentive plans	(74)
TOTAL PERSONNEL COSTS	**(3,151)**

Deferred compensation payable to market professionals

The variable compensation awarded to market professionals by the Group chiefly concerns Natixis' teams.

At the Natixis group, the portion of variable compensation awarded to market professionals in respect of fiscal 2009 and deferred, represents on average over 50% of variable compensation awarded, in accordance with the provisions of the Order of November 5, 2009 and the professional standards adopted by the French banking federation on November 5, 2009.

This compensation will be paid only if conditions of continued presence and performance are satisfied. They will be settled in two forms:

- deferred cash-settled compensation indexed to the value of Natixis shares: one-third of the units will be settled in March 2011, a second third in March 2012 and the final third in March 2013;
- deferred compensation settled in Natixis shares: one-third of the units will be settled in March 2011, a second third in March 2012 and the final third in March 2013. Delivery of the shares will be followed by a lock-up period of two years. The accounting treatment is defined in IFRS 2 "Share-based payments". The cost of this compensation is amortized on a straight-line basis over the vesting period of the rights with effect from January 1, 2009, the date at which employees started to perform the corresponding services.

The expense recognized by the Natixis group during fiscal 2009 amounted to €23 million, with €16 million attributable to the cash-settled portion indexed to the value of Natixis shares and €7 million to the equity-settled portion.

A provision for the tax on the deferred compensation of market professionals was set aside in accordance with the provisions of the amended French finance bill for 2010. The amount set aside came to €37 million at December 31, 2009.

8.2 EMPLOYEE BENEFITS – POST-EMPLOYMENT BENEFITS AND LONG-TERM EMPLOYEE BENEFITS

The Groupe BPCE grants its staff a variety of employee benefits:

- the Banque Populaire banks' private supplementary pension plan, managed by Caisse Autonome de Retraite des Banques Populaires (CAR), covers the pension benefits deriving from the closure of the banking pension scheme at December 31, 1993;
- the Caisses d'Epargne private supplementary pension plan, previously managed by the Caisse Générale de Retraite des Caisses d'Epargne (CGRCE), but now incorporated within the Caisse Générale de Prévoyance des Caisses d'Epargne (CGPCE), a so-called rights maintenance plan (RMP). The CGR plan has been closed since December 31, 1999, and the rights crystallized at this date. The rights maintenance plan is akin to a long-term benefits fund;
- 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.

8.2.1 Analysis of assets and liabilities recorded on the balance sheet

	12/31/2009		
	Pensions(1)	Other commitments	Total
Present value of funded obligations	910	65	975
Fair value of plan assets	(462)	1	(461)
Fair value of reimbursement rights	(10)		(10)
Present value of unfunded obligations			
Unrecognized actuarial gains and losses	(109)		(109)
Past service cost	(53)		(53)
NET AMOUNT RECORDED ON THE BALANCE SHEET	**276**	**66**	**342**
Employee benefit obligations recorded on the balance sheet	308	66	374
Plan assets recorded on the balance sheet	32		32

(1) Including the rights maintenance plan (RMP) managed by CGPCE and CAR.

At 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 known as the *"Loi Fillon"*, these institutions were required to either wind up their operations, seek accreditation as an 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. Accordingly, at December 31, 2008, the Caisse Générale de Prévoyance des Caisses d'Epargne (GCPCE) absorbed the CGRCE. This merger had no direct accounting impact on the Groupe BPCE.

At December 31, 2009, the CARBP was a Supplementary Pension Institution. Its status changed at January 1, 2010 to an employee benefits savings institution, which handles the administration and management of pension obligations for banking industry pensions. Outstanding commitments have been transferred to an insurer. This external transfer has no direct impact on the Groupe BPCE.

8.2.2 Change in amounts recognized on the balance sheet

	12/31/2009		
	Pensions[1]	Other commitments	Total
Projected benefit obligation at start of year	772	122	894
Service cost	8	14	22
Interest cost	28	7	35
Benefits paid	(19)	(9)	(28)
Actuarial gains and losses	6	1	7
Past service cost	13		13
Other (translation adjustments, changes for the year)	102	(70)	32
Projected benefit obligation at end of year	**910**	**65**	**975**
Fair value of plan assets at start of year	(399)	(1)	(400)
Expected return on plan assets	(15)		(15)
Plan participant contributions	(16)		(16)
Benefits paid	21		21
Actuarial gains and losses during the fiscal year	(3)		(3)
Other (translation adjustments, changes for the year)	(50)	2	(48)
Fair value of plan assets at end of year	**(462)**	**1**	**(461)**
Fair value of reimbursement rights at start of year	(9)		(9)
Expected return on reimbursement rights	(1)		(1)
Contributions paid or received			
Benefits paid			
Actuarial gains and losses during the fiscal year			
Other (translation adjustments, changes for the year)			
Fair value of reimbursement rights at end of year	**(10)**		**(10)**
Net obligation	**438**	**66**	**504**
Unrecognized actuarial gains and losses	(109)		(109)
Past service cost	(53)		(53)
NET AMOUNT RECORDED ON THE BALANCE SHEET	**276**	**66**	**342**

(1) Including the rights maintenance plan (RMP) managed by CGPCE and CAR.

At December 31, 2009, pension plan assets break down as follows:

- for the Banque Populaire plan: 52% in bonds, 35% in equities and 12% in money-market assets;
- for the Caisses d'Epargne plan: 88% in bonds, 4% in equities, 2% in real estate assets and 6% in money-market 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 on defined-benefit plans

Experience adjustments are changes in plan assets and obligations unrelated to changes in actuarial assumptions.

For the Caisses d'Epargne regime (CGPCE RMP), the experience adjustments break down as follows:

in millions of euros	12/31/2009
Present value of funded obligations(1)	84
Fair value of plan assets(2)	(92)
NET AMOUNT RECORDED ON THE BALANCE SHEET	**(8)**
Experience adjustments to plan liabilities - gains/(losses) as a % of(1)	2.6%
Experience adjustments to plan assets - gains/(losses) as a % of(2)	1.1%

For the CAR (Banque Populaire banks), actuarial gains and losses derive chiefly from changes in actuarial assumptions.

8.2.3 Actuarial expense under defined-benefit plans

The various components of the charge recognized for defined-benefit plans are included under "Personnel costs".

	12/31/2009		
	Pensions[1]	Other commitments	Total
Service cost	8	14	22
Interest cost	28	7	35
Expected return on plan assets	(15)		(15)
Expected return on reimbursement rights	(1)		(1)
Actuarial gains and losses	8	4	12
Past service cost	(14)	(2)	(16)
Exceptional factors	39	(60)	(21)
TOTAL CHARGE FOR DEFINED-BENEFIT PLANS	**53**	**(37)**	**16**

(1) Including the rights maintenance plan (RMP) managed by CGPCE and CAR.

8.2.4 Main actuarial assumptions

	12/31/2009			
as a percentage	CGPCE (RMP)	CAR	Pensions	Other commitments
Discount rate	4.10%	3.82%	3.4%[1]	3.40%
Expected return on plan assets	4.20%	3.40%		
Expected return on reimbursement rights	3.60%			

(1) Tariff advantages granted to retired employees: 4.10%.

For the Caisses d'Epargne

The mortality tables used are:

- TF00/02 for termination benefits, long service awards and other benefits;
- TPRV 93 for other pension liabilities; and
- TGH TGF 05 for the CGR.

For the Banque Populaire banks

The mortality table used is the TGH TGF 05.

8.2.5 Sensitivity of plan obligations to changes in the principal assumptions

At December 31, 2009, a reduction of 0.5% in the discount rate would have the following impact on actuarial obligations:

- increase of 7.4% in top-up pension plan of the Caisse Autonome de Retraites (CAR), *i.e.* around €6 million;
- increase of 10% in the rights maintenance plan of the Caisse Générale de Prévoyance (formerly CGRCE), *i.e.* around €8 million.

8.3 SHARE-BASED PAYMENTS

Bonus share allocation scheme (SAGA)

The Natixis Extraordinary Shareholders' Meeting, which was held on May 24, 2007, authorized the Management Board to grant shares to employees of the following entities: Natixis, the BFBP and the CNCE, credit institutions affiliated with the two central bodies, entities in which 50% or more of the share capital is owned directly or indirectly, exclusively or jointly by Natixis, the BFBP or the CNCE and their affiliated institutions.

On November 12, 2007, each employee beneficiary was granted by Natixis' Management Board non-negotiable rights to the allotment of Natixis shares at the end of a two-year period. Initially set at 60, the number of shares awarded to each employee was increased to 93 to protect the rights of beneficiaries upon completion of the capital increase carried out by Natixis on September 30, 2008.

On November 12, 2009, at the end of the vesting period, the Group's employees took ownership of 93 shares, which will remain locked up for two years.

In accordance with IFRS 2, the Natixis group recognized a charge corresponding to the benefit granted to its own employees (charge calculated based on the fair value of the obligation and amortized over the two years of the rights vesting period).

In addition, the BPCE SA group's other credit institutions recognized in their accounts an expense reflecting the portion ultimately allotted to their employees and rebilled by Natixis at the end of the vesting period.

Natixis share subscription option plans

	Number of options allotted	Total number of options	Exercise price *(in euros)*	Share price at date of allotment
2005 plan	7,653,800	7,039,340	7.74	13.00
2007 plan	15,398,922	14,089,614	14.38	21.97
2008 plan	7,576,792	4,555,516	8.27	10.63

The charge for the fiscal year came to 21 million.

Note 9 Segment reporting

The accounting conventions used to prepare the BPCE SA group's income statement for fiscal 2009 are described in note 3 "Basis of preparation of the consolidated financial statements".

The Group redefined its business lines in connection with the review launched during the second half of 2009 based on its 2010-2013 strategic plan. Under this plan, the Group is refocusing on development of its two core businesses:

- **Commercial banking and insurance**, including:
  - the contribution made by the Banques Populaires banks and the Caisses d'Epargne: these contribute to the BPCE SA group's income only *via* the "Share of income/(loss) of associates" line *via* the cooperative investment certificates (CICs) that account for 20% of the share capital of the Banque Populaire banks and the Caisses d'Epargne, which have been held by Natixis since late 2006,
  - insurance, internationally and the other networks, chiefly comprising the Group's interest in CNP Assurances, GCE Assurances, the international subsidiaries and in overseas dependencies (including Financière Océor) and Société Marseillaise de Crédit;
- **Corporate and investment banking, Savings and Specialized financial services** represent Natixis' core businesses:
  - corporate and investment banking, which has now established itself as BPCE's bank serving large businesses and institutional customers,
  - savings, encompassing asset management, life insurance and private banking,
  - specialized financial services, which together represent a set of service businesses dedicated chiefly to the Banques Populaires and Caisse d'Epargne networks, as well as to Natixis' other business segments, *i.e.*, factoring, leasing, consumer finance, financial guarantees, employee benefits planning, payments and vouchers.

Financial Stakes is the third business segment, comprising Natixis' interest in Coface and Natixis Private Equity.

The **Activities managed on a run-off basis and other businesses** notably include:

- the contribution made by Natixis' GAPC (segregated assets structure);
- the contribution made by the Group's central body and holding companies, as well as goodwill impairment and amortization of valuation differences.

The financial data provided for fiscal 2008 represents pro forma figures based on the consolidated financial statements of Groupe Banque Populaire and the consolidated financial statements of Groupe Caisse d'Epargne for fiscal 2008, supplemented to take into account the combination between the two groups. A similar presentation is provided for fiscal 2009.

The accounting conventions used to present segment results aim to provide a more representative picture of the results, assets and liabilities of each segment.

Transactions between the segments take place on an arm's length basis.

9.1 SEGMENT ANALYSIS OF THE CONSOLIDATED INCOME STATEMENT

Performance by division

	Commercial banking and insurance		CIB, Savings and SFS		Financial Stakes		Activities managed on a run-off basis and other businesses		BPCE SA group	
in millions of euros	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**
Net banking income	735	721	4,942	5,486	345	733	479	(2,928)	6,501	4,012
Operating expenses	(670)	(549)	(3,465)	(3,576)	(714)	(690)	(833)	(1,127)	(5,682)	(5,942)
Gross operating income	**65**	**172**	**1,477**	**1,910**	**(369)**	**43**	**(354)**	**(4,055)**	**819**	**(1,930)**
Cost of risk	(223)	(45)	(1,464)	(748)	(20)	(20)	(1,081)	(1,071)	(2,788)	(1,884)
Operating income/(loss)	**(158)**	**127**	**13**	**1,162**	**(389)**	**23**	**(1,435)**	**(5,126)**	**(1,969)**	**(3,814)**
Share of income/(loss) of associates	548	349	16	23	5	13	3	3	572	388
Net gain or loss on other assets	3	0	12	(4)	21	2	(61)	347	(25)	345
Change in the value of goodwill	0	0	0	0	0	0	(326)	(90)	(326)	(90
Income before tax	**393**	**476**	**41**	**1,181**	**(363)**	**38**	**(1,819)**	**(4,866)**	**(1,748)**	**(3,171)**
Income taxes	(23)	(60)	256	(342)	70	4	883	1,004	1,186	606
Minority interests	(108)	(83)	(119)	(271)	78	(34)	642	1,157	493	769
Net income attributable to equity holders of the parent	**262**	**333**	**178**	**568**	**(215)**	**8**	**(294)**	**(2,705)**	**(69)**	**(1,796)**

Performance of the Commercial Banking and Insurance sub-divisions

in millions of euros	CICs, Banques Populaires and Caisses d'Epargne 2009	CICs, Banques Populaires and Caisses d'Epargne 2008	Insurance, International and Other specialized networks 2009	Insurance, International and Other specialized networks 2008	Commercial banking and insurance 2009	Commercial banking and insurance 2008
Net banking income			735	721	735	721
Operating expenses			(670)	(549)	(670)	(549)
Gross operating income			**65**	**172**	**65**	**172**
Cost of risk			(223)	(45)	(223)	(45)
Operating income/(loss)			**(158)**	**127**	**(158)**	**127**
Share of income/(loss) of associates	404	227	144	122	548	349
Net gain or loss on other assets			3		3	
Income before tax	**404**	**227**	**(11)**	**249**	**393**	**476**
Income taxes			(23)	(60)	(23)	(60)
Minority interests	(114)	(64)	6	(19)	(108)	(83)
Net income attributable to equity holders of the parent	**290**	**163**	**(28)**	**170**	**262**	**333**

Results of the Corporate and investment banking, Savings and Specialized financial services sub-divisions

in millions of euros	CIB 2009	CIB 2008	Savings 2009	Savings 2008	SFS 2009	SFS 2008	CIB, Savings and SFS 2009	CIB, Savings and SFS 2008
Net banking income	2,561	2,857	1,540	1,693	841	936	4,942	5,486
Operating expenses	(1,664)	(1,758)	(1,154)	(1,183)	(647)	(635)	(3,465)	(3,576)
Gross operating income	**897**	**1,099**	**386**	**510**	**194**	**301**	**1,477**	**1,910**
Cost of risk	(1,385)	(653)	(32)	(67)	(47)	(28)	(1,464)	(748)
Operating income/(loss)	**(488)**	**446**	**354**	**443**	**147**	**273**	**13**	**1,162**
Share of income/(loss) of associates	0	0	16	23	0	0	16	23
Net gain or loss on other assets	11	(17)	1	(2)	0	15	12	(4)
Income before tax	**(477)**	**429**	**371**	**464**	**147**	**288**	**41**	**1,181**
Income tax	399	(119)	(94)	(133)	(49)	(90)	256	(342)
Minority interests	22	(89)	(109)	(122)	(32)	(60)	(119)	(271)
Net income attributable to equity holders of the parent	**(56)**	**221**	**168**	**209**	**66**	**138**	**178**	**568**

9.2 SEGMENT ANALYSIS OF THE CONSOLIDATED BALANCE SHEET

	Commercial banking and insurance		CIB, Savings and SFS		Financial Stakes		Activities managed on a run-off basis and other businesses		BPCE SA group	
in millions of euros	12/31/2009	12/31/2008	12/31/2009	12/31/2008	12/31/2009	12/31/2008	12/31/2009	12/31/2008	12/31/2009	12/31/2008
Segment assets	38,702	33,474	322,064	427,340	6,557	7,067	236,525	222,522	603,848	690,403
Segment liabilities[1]	26,608	24,647	314,795	421,966	5,278	5,414	201,085	182,566	547,766	634,593

(1) *Segment liabilities represent the liabilities restated for equity and other liabilities (notably including tax liabilities and other liabilities and provisions)*

9.3 SEGMENT REPORTING BY GEOGRAPHICAL REGION

Net banking income

in millions of euros	12/31/2009
France	4,673
Rest of Europe	158
North America	1,144
ROW	526
TOTAL	**6,501**

Total segment liabilities

in millions of euros	2009
France	493,673
Rest of Europe	46,096
North America	48,664
ROW	15,415
TOTAL	**603,848**

Note 10 Commitments and contingencies

10.1 FINANCING AND GUARANTEE COMMITMENTS

The amounts shown represent the nominal value of commitments given.

Financing commitments

in millions of euros	12/31/2009
Financing commitments given to	**78,584**
• credit institutions	30,143
• customers	48,441
Credit lines set up	40,682
Other commitments	7,759
Financing commitments received from	**51,399**
• credit institutions	50,021
• customers	1,378

Guarantee commitments

in millions of euros	12/31/2009
Guarantee commitments given	**203,043**
• by order of credit institutions	64,214
• by order of customers	138,829
Guarantees commitments received	**80,338**
• from credit institutions	67,933
• from customers	12,405

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.

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	12/31/2009
Equity instruments	1,259
Debt instruments	37,021
Loans and receivables	47,688
Other financial assets	1,827
TOTAL	**87,795**

At December 31, 2009, financial assets pledged as collateral under refinancing agreements included in particular:

- €46,658 million of financial assets lodged with Banque de France as part of the TRICP process.
- €6,146 million in financial assets pledged to SFEF.
- €4,178 million in financial assets pledged as collateral against financing received from the European Investment Bank (EIB)

10.3 FINANCIAL ASSETS RECEIVED AS COLLATERAL THAT CAN BE SOLD OR REPLEDGED

The BPCE SA group did not recognize any (material) amounts of assets received as collateral and recorded as an asset on the balance sheet as part of financial guarantee contracts that include a right of reuse.

Note 11 Related party transactions

For the BPCE SA group, related parties are considered to be all consolidated companies, including companies carried under the equity method, local savings companies, BPCE, Natixis, IT centers and the Group's key management personnel.

11.1 TRANSACTIONS WITH CONSOLIDATED AND ASSOCIATED COMPANIES

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.

11.2 TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

The Group's key management personnel are the members of the Management Board and Supervisory Board of BPCE.

Short-term benefits

The short-term benefits paid to the Group's key management personnel came to €5 million. These include compensation, directors' attendance fees and benefits paid to members of the Management Board and of the Supervisory Board.

Share-based payments

Since BPCE was formed, managers have not received any allotment of stock subscription or purchase options or bonus shares.

Post-employment benefit obligations, long-term benefits and termination benefits

The BPCE's key management personnel do not receive any compensation or other benefits owing to the cessation or change in their duties.

During 2009, €3 million was paid as a contribution into the supplementary pension plan for key management personnel.

Note 12 Preparation of pro forma financial data

12.1 PRINCIPLES AND METHODS USED TO DRAW UP THE PRO FORMA FINANCIAL INFORMATION

The pro forma financial data was prepared based on the consolidated financial statements of Groupe Banque Populaire for fiscal 2008 and the consolidated financial statements of Groupe Caisse d'Epargne for fiscal 2008. This information was then updated to take into account the effects of the merger between the two groups. The pro forma financial information presented below does not include the impact of transactions carried out in 2008 and 2009, other than that relating directly to the establishment of BPCE.

This method led to the preparation of pro forma financial data as if the merger transaction had been completed on January 1, 2008.

12.2 ACCOUNTING METHODS AND SCOPE OF CONSOLIDATION

The accounting principles and methods used to prepare the pro forma data are identical to those adopted by the Group to draw up the consolidated financial statements as described in notes 3 and 4.

Business combination

Pursuant to IFRS 3, the combination between Groupe Banque Populaire and Groupe Caisse d'Epargne, was considered to be a merger of mutual entities, which is excluded from the scope of this standard.

Given the substance of the business combination, the historic cost method was used as the basis for the recognition of the merger transactions. This method has the following advantages:

- it is consistent with the principles of equity and balance that were central to the merger;
- it ensures that the methods used to value the combined entity's assets and liabilities are consistent, and guarantees neutral accounting treatment, irrespective of the origins of the businesses;
- it requires the elimination of the impact of prior transactions effected by Groupe Banque Populaire and Groupe Caisse d'Epargne. In particular, valuation differences and goodwill arising from the establishment of Natixis were restated.

Scope of consolidation

The asset contributions left BPCE owning 100% of the two groups' stakes in Natixis, giving it exclusive control over that entity. Consequently, Natixis has been fully consolidated in the pro forma financial information, with a 72% equity interest at December 31, 2008 (previously, the groups both used the proportional method to consolidate Natixis).

Following the asset contributions and after BPCE's acquisition of the CNCE's shareholding in CNP Assurances, excluding Natixis, the principal shareholdings held by BPCE were as follows:

Entity	Method of consolidation	Percentage interest at 12/31/2009
Société Marseillaise de Crédit	Fully consolidated	100%
Groupe Océor	Fully consolidated	100%
GCE Assurances	Fully consolidated	46%
CNP Assurances group	Equity accounted	15.76%

The Group's interest in CNP Assurances stands at 17.7%. Given the agreements between BPCE and La Poste, the percentage interest adopted for consolidation purposes was 15.76%.

12.3 RESTATEMENTS

The following assumptions were used to prepare the pro forma consolidated data:

Harmonization of accounting policies

To ensure that the methods used to value the combined entity's assets and liabilities are consistent, the two groups' accounting principles were harmonized as part of the link-up.

Other restatements

The review of the classification of the deeply subordinated notes issued by the BFBP and the CNCE did not prompt any restatement, in the light of the legal provisions included in these contracts.

In preparing the pro forma data, the difference in the deferred tax situation of the two groups was examined in the light of the impact of the merger. This review did not prompt a restatement of deferred tax assets or liabilities in the consolidated financial statements of Groupe Banque Populaire or Groupe Caisse d'Epargne for the fiscal year to December 31, 2008.

12.4 PRO FORMA INCOME STATEMENT FOR FISCAL 2008

The pro forma income statement has the following structure:

in millions of euros Fiscal 2008	BFBP contributions (excl. Natixis)	CNCE contributions (excl. Natixis)	Natixis group	Restatements	BPCE SA group
Net banking income	**443**	**635**	**2,934**	**0**	**4,012**
Operating expenses	(265)	(617)	(5,060)	0	(5,942)
Gross operating income	**178**	**18**	**(2,126)**	**0**	**(1,930)**
Cost of risk	(23)	(44)	(1,817)	0	(1,884)
Operating income	**155**	**(26)**	**(3,943)**	**0**	**(3,814)**
Share of income/(loss) of associates	0	123	484	(219)	388
Gains or losses on other assets	(3)	26	100	222	345
Change in the value of goodwill	0	(17)	(73)	0	(90)
Income taxes	(67)	(31)	705	(2)	606
Net income	**85**	**75**	**(2,727)**	**1**	**(2,565)**
Minority interests	(8)	(9)	(73)	859	769
Net income attributable to the Group	**77**	**66**	**(2,800)**	**860**	**(1,796)**

The main restatements are as follows:

in millions of euros Fiscal 2008	Dividends received from central bodies	Natixis Minority interests	Accretion	Other items	Restatements
Net banking income				**0**	**0**
Operating expenses				0	0
Gross operating income	**0**	**0**	**0**	**0**	**0**
Cost of risk				0	0
Operating income	**0**	**0**	**0**	**0**	**0**
Share of income/(loss) of associates	(222)			3	(219)
Gains or losses on other assets			222	0	222
Change in the value of goodwill				0	0
Income taxes				(2)	(2)
Net income	**(222)**	**0**	**222**	**1**	**1**
Minority interests		860		(1)	859
Net income attributable to the Group	**(222)**	**860**	**222**	**0**	**860**

The dividends received by the Banques Populaires banks and the Caisses d'Epargne of the central bodies were eliminated in full from the income statement.

During 2009, the increase in the percentage interest in Natixis led to the recognition of an accretion gain of €222 million.

12.5 PRO FORMA BALANCE SHEET AT DECEMBER 31, 2008

The pro forma balance sheet has the following structure:

in millions of euros December 31, 2008	Contributions former BFBP	Contributions former CNCE	Natixis	Restatements	BPCE SA group
Cash and amounts due from central banks	144	11,951	1,759	0	13,854
Financial assets at fair value through profit or loss	17,854	1,280	285,493	(6,033)	298,594
Hedging derivatives	30	2,608	502	(2,362)	778
Available-for-sale financial assets	6,107	44,126	30,911	(43,421)	37,723
Loans and receivables due from credit institutions	47,209	131,884	65,573	(90,496)	154,170
Loans and receivables due from customers	2,800	8,817	115,953	(83)	127,487
Held-to-maturity financial assets	0	0	6,411	0	6,411
Current income tax assets	27	13	368	0	408
Deferred income tax assets	166	406	2,200	0	2,772
Accrued income and other assets	531	4,043	31,142	(4,856)	30,860
Deferred profit sharing	0	0	925	0	925
Investments in associates	20	1,484	9,320	(982)	9,842
Investment property	6	34	1,016	0	1,056
Property, plant and equipment	140	148	645	0	933
Intangible assets	10	75	719	(1)	803
Goodwill	797	166	2,823	1	3,787
TOTAL ASSETS	**75,841**	**207,035**	**555,760**	**(148,233)**	**690,403**

in millions of euros December 31, 2008	Contributions former BFBP	Contributions former CNCE	Natixis	Restatements	BPCE SA group
Amounts due to central banks	0	0	831	1	832
Financial liabilities at fair value through profit or loss	9,405	4,541	275,380	(14,136)	275,190
Hedging derivatives	11	1,353	259	(901)	722
Amounts due to credit institutions	28,730	100,542	96,600	(87,252)	138,620
Amounts due to customers	4,097	5,291	59,108	(147)	68,349
Debt securities	13,863	68,858	34,606	(20,765)	96,562
Revaluation differences on portfolios hedged against interest-rate risk	0	290	407	0	697
Current income tax liabilities	20	15	117	0	152
Deferred income tax liabilities	0	28	678	0	706
Accrued expenses and sundry liabilities	9,309	4,484	22,816	(4,945)	31,664
Technical reserves of insurance companies	0	512	33,558	0	34,070
Provisions	116	81	1,481	0	1,678
Subordinated debt	2,551	9,960	13,631	(4,340)	21,802
Consolidated equity	7,713	10,890	15,552	(19,892)	14,263
Minority interests	26	190	736	4,144	5,096
TOTAL LIABILITIES AND EQUITY	**75,841**	**207,035**	**555,760**	**(148,233)**	**690,403**

The main restatements are as follows:

in millions of euros **December 31, 2008**	**Natixis shares held**	**Equity value of the CICs**	**Minority interests in Natixis**	**Reciprocal transactions**	**Other restatements**	**Restatements**
Cash and amounts due from central banks						
Financial assets at fair value through profit or loss				(6,033)		(6,033)
Hedging derivatives				(2,361)	(1)	(2,362)
Available-for-sale financial assets	(14,765)			(28,656)		(43,421)
Loans and receivables due from credit institutions				(90,495)	(1)	(90,496)
Loans and receivables due from customers				(84)	1	(83)
Held-to-maturity financial assets						
Current income tax assets						
Deferred income tax assets						
Accrued income and other assets				(4,857)	1	(4,856)
Deferred profit sharing						
Investments in associates		(982)				(982)
Investment property						
Property, plant and equipment						
Intangible assets					(1)	(1)
Goodwill					1	1
TOTAL ASSETS	**(14,765)**	**(982)**		**(132,486)**		**(148,233)**

in millions of euros December 31, 2008	Natixis shares held	Equity value of the CICs	Minority interests in Natixis	Reciprocal transactions	Other restatements	Restatements
Amounts due to central banks					1	1
Financial liabilities at fair value through profit or loss				(14,136)		(14,136)
Hedging derivatives				(902)	1	(901)
Amounts due to credit institutions				(87,252)		(87,252)
Amounts due to customers				(147)		(147)
Debt securities				(20,765)		(20,765)
Revaluation differences on portfolios hedged against interest-rate risk						
Current income tax liabilities						
Deferred income tax liabilities						
Accrued expenses and sundry liabilities				(4,944)	(1)	(4,945)
Liabilities associated with non-current assets held for sale						
Technical reserves of insurance companies						
Provisions						
Subordinated debt				(4,340)		(4,340)
Consolidated equity	(14,765)	(982)	(4,144)		(1)	(19,892)
o/w unrealized or deferred gains/(losses)		*331*	*466*		*(797)*	
Minority interests			4,144			4,144
TOTAL LIABILITIES AND EQUITY	**(14,765)**	**(982)**		**(132,486)**		**(148,233)**

Alongside the asset contributions made and the consolidation of Natixis, the following restatements were included in the preparation of the pro forma data:

- cancellation of the Natixis shares held by BPCE through a corresponding adjustment to equity;
- adjustment to the equity value of the Banque Populaire banks and the Caisses d'Epargne entered in Natixis' financial statements to eliminate:
  - the remeasurement adjustment of the shares of the former central bodies held by the latter,
  - the valuation differences and goodwill recognized by Natixis upon the first-time consolidation of the cooperative investment certificates issued by the Caisses d'Epargne and previously consolidated by the CNCE;
- recognition of minority interests in Natixis' equity;
- recognition of reciprocal transactions between Group entities.

Note 13 Scope of consolidation

13.1 CHANGES IN SCOPE OF CONSOLIDATION DURING FISCAL 2009

The main changes in the scope of consolidation during fiscal 2009 are presented below:

Sale of a 35% interest in the capital of CACEIS

Natixis sold a 35% interest in CACEIS to Crédit Agricole SA for 595 million in cash. Upon completion of this disposal on June 30, 2009, Natixis still held an interest of 15% in the capital of CACEIS.

Full ownership of the capital of Natixis Global Asset Management

Natixis acquired from CE Participations the 11.34% shareholding that CNP Assurances held in Natixis Global Asset Management (NGAM). The transfer of ownership took place on December 18, 2009. Upon completion of this transaction, Natixis owned 100% of NGAM's capital. This transaction gave rise to the recognition of €293 million in goodwill.

Other movements

Banque Commerciale Internationale, located in Congo, previously held by the Congo government, 100% purchased by BPCE SA and primarily active in SME financing, is now fully consolidated.

13.2 SPECIAL-PURPOSE ENTITIES

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.

The Group grants a capital or performance guarantee to certain mutual funds. 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.

Non-guaranteed mutual funds

The management role of the asset management company does not transfer the majority of the risks and benefits of a fund. The criteria laid down in the SIC 12 interpretation must be assessed on the basis of the investments held in funds. Where the Group holds a majority shareholding in a fund, it is exposed to the majority of risks and enjoys the majority of the rewards, and these mutual funds are consolidated.

Real-estate and other funds

The analysis of the criteria laid down in SIC 12 is therefore conducted with respect to the Group's percentage interest in these funds.

At December 31, 2009, the BPCE SA group consolidated the EPI SLP real estate fund managed by the Natixis Global Asset Management group, as well as ten other real estate funds in which Group entities hold a majority interest. In addition, the Group fully consolidates several funds managed as part of its asset management activities and in which it holds a majority interest.

Special-purpose entities in the Life Insurance business

The life insurance subsidiaries hold units in mutual funds and interests in non-trading real estate companies (SCIs) representing their investments. At December 31, 2009, five funds in which the Group held a majority interest and material in nature were consolidated.

Special-purpose entities in the Credit Insurance business

Through credit insurance operations, the Group insures receivables securitized by a third party and sold to investors *via* a special-purpose entity over and above a certain level of loss, but plays no role in their operational management. Based on the criteria laid down in SIC 12, the Group cannot be regarded as holding substantially all the risks and rewards of ownership of these entities, and so they are not consolidated.

Special-purpose entities in the Private Equity business

As part of its private equity activities, the Group invests in the equity of unlisted companies through venture capital funds (FCPRs), venture capital investment companies (SICARs) and limited partnerships. Based on the criteria laid down in SIC 12, the Group consolidated four funds at December 31, 2009 (including three subject to negotiations with a view to their sale since February 2010).

Special-purpose entities in the Structured financing business

As part of its project, equipment, real estate and LBO financing activities, the Group sets up special-purpose entities carrying specific financing transactions on behalf of customers. Based on the criteria laid down in SIC 12, the Group did not consolidate any of these entities at December 31, 2009.

Special-purpose entities in the Financial Engineering business

At December 31, 2009, based on the criteria laid down in SIC 12, the Group consolidated four special-purpose entities used in connection with its financial engineering activities (conversion of debt instruments into equity instruments).

Securitization transactions

Securitization is a financing technique that aims 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.

The BPCE SA group is active in transactions involving securitization vehicles, where they act as:

- a structurer of transactions on behalf of customers or investors;
- a sponsor of securitization conduits;
- originators of securities or loans held pending securitization;
- a credit risk intermediary.

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.

At December 31, 2009, the liquidity lines granted by the Natixis group to securitization vehicles amounted to €5.3 billion.

13.3 SCOPE OF CONSOLIDATION AT DECEMBER 31, 2009

Only those subsidiaries providing a material contribution are consolidated. Materiality is assessed for consolidated entities based on the principle of ascending materiality. In other words, any entity included at a sub-consolidation level is included at all higher consolidation levels, even if it is not material at those levels.

Companies		December 31, 2009		
	Location(a)	Percentage ownership	Percentage control	Method of consolidation(b)
BPCE SA	FR	100.00%	100.00%	FC
BPCE SA subsidiaries:				
BANQUE BCP S.A.S.	FR	30.00%	30.00%	EQ
BCI BQ COMMERCIALE INTER.	CG	100.00%	100.00%	FC
BICEC	CM	59.72%	59.72%	FC
BP COVERED BONDS	FR	100.00%	100.00%	FC
CLICK AND TRUST	FR	34.00%	34.00%	EQ
GCE ASSURANCES	FR	46.38%	46.38%	FC
GCE COURTAGE	FR	100.00%	100.00%	FC
GCE COVERED BONDS	FR	98.56%	100.00%	FC
GCE PAIEMENTS	FR	100.00%	100.00%	FC
INFORMATIQUE BANQUE POPULAIRE BANKS	FR	29.52%	29.52%	PC
NATIXIS SUB-GROUP(C)	FR	71.67%	71.56%	FC
SOCIÉTÉ MARSEILLAISE DE CRÉDIT	FR	100.00%	100.00%	FC
Holassure group				
CAISSE NATIONALE DE PRÉVOYANCE	FR	15.76%	15.76%	EQ
HOLASSURE	FR	100.00%	100.00%	FC
SOPASSURE	FR	49.98%	49.98%	PC
Oceor group				
AL MANSOUR PALACE MAROC	FR	39.97%	40.00%	EQ
ALYSEOR	NC	98.03%	100.00%	FC
ARAB INTERNATIONAL LEASE	TN	30.00%	50.00%	FC
BANQUE DE LA RÉUNION	FR	88.90%	87.99%	FC
BANQUE DE NOUVELLE-CALÉDONIE	NC	96.07%	100.00%	FC
BANQUE DE SAINT-PIERRE ET MIQUELON	FR	77.35%	98.31%	FC
BANQUE DE TAHITI	FP	96.12%	100.00%	FC
BANQUE DES ANTILLES FRANÇAISES	FR	99.54%	99.22%	FC
BANQUE DES MASCAREIGNES	MAU	100.00%	100.00%	FC
BANQUE TUNISO-KOWEITIENNE	TN	60.00%	60.00%	FC

(a) Country of operation:
BE: Belgium - CG: Congo - CM: Cameroon - FR: France - LU: Luxembourg - MA: Morocco – MAU: Mauritius - NC: New Caledonia - FP: French Polynesia - TN: Tunisia
(b) Consolidation method.
FC. Full consolidation.
EQ. Equity method.
PC. Proportional consolidation.
(c) Natixis group:
The Natixis group comprises 352 fully consolidated entities, one proportionally consolidated entity and 229 equity accounted entities. Its principal subsidiaries are as follows: Coface, Compagnie 1818, Natixis Global Asset Management, Natixis North America (NY), Natixis Private Equity and Société Européenne de Caution Mutuelle.
The Banques Populaires banks and the Caisses d'Epargne are consolidated by Natixis through the latter's ownership of the cooperative investment certificates (CICs) representing 20% of the capital of the Banques Populaires banks and the Caisses d'Epargne.

Companies		December 31, 2009		
	Location(a)	Percentage ownership	Percentage control	Method of consolidation(b)
BCP LUXEMBOURG	LU	80.10%	80.10%	FC
CE DE NOUVELLE-CALÉDONIE	NC	100.00%	100.00%	FC
CRÉDIT IMMOBILIER HOTELIER	MA	23.74%	23.74%	EQ
EL ISTIFA	TN	60.00%	100.00%	FC
FINANCIÈRE OCÉOR	FR	100.00%	100.00%	FC
FRANSABANK (FRANCE) SA	FR	40.01%	40.01%	EQ
GCE MAROC	MA	99.93%	100.00%	FC
GCE MAROC IMMOBILIER	MA	99.93%	100.00%	FC
GCE SCI	MA	99.92%	100.00%	FC
GIE OCEOR INFORMATIQUE	FR	95.33%	100.00%	FC
INGEPAR	FR	100.00%	100.00%	FC
MASSIRA CAPITAL MANAGEMENT	MA	34.97%	35.00%	EQ
MEDAI SA	TN	66.99%	100.00%	FC
OCEOR LEASE	FP	100.00%	100.00%	FC
OCÉOR LEASE NOUMÉA	NC	95.40%	100.00%	FC
OCEOR LEASE RÉUNION	FR	100.00%	100.00%	FC
OCEOR LEASE TAHITI	FP	97.48%	100.00%	FC
OCEOR PARTICIPATIONS	FR	100.00%	100.00%	FC
OCEORANE	FR	100.00%	100.00%	FC
RES GOLF BOUZNIKA BAY	MA	54.96%	54.96%	FC
SKY ELITE TOURS S.A.R.L.	MA	50.96%	50.96%	FC
SOCIÉTÉ DU CONSEIL ET DE L'INTERMÉDIATION FINANCIÈRE	TN	47.98%	79.96%	FC
SOCIÉTÉ HAVRAISE CALÉDONIENNE	NC	89.07%	91.83%	FC
SOCIÉTÉ IMMOBILIÈRE ET TOURISTIQUE LE RIBAT	TN	12.59%	20.99%	EQ
SOCIÉTÉ TUNISIENNE DE PROMOTION DES PÔLES IMMOBILIERS	TN	18.00%	29.99%	EQ
SOCIÉTÉ TUNISO KOWEITIENNE D'EL EMAR	TN	20.57%	34.29%	EQ
SPCS	TN	18.00%	30.00%	EQ
TUNIS CENTER	TN	13.65%	22.75%	FC
UNIVERS INVERST SICAR	TN	51.21%	100.00%	FC
UNIVERS PARTICIPATIONS SICAF	TN	59.87%	100.00%	FC

(a) *Country of operation:*
BE: Belgium - CG: Congo - CM: Cameroon - FR: France - LU: Luxembourg - MA: Morocco – MAU: Mauritius - NC: New Caledonia - FP: French Polynesia - TN: Tunisia

(b) *Consolidation method.*
FC. Full consolidation.
EQ. Equity method.
PC. Proportional consolidation.

(c) *Natixis group:*
The Natixis group comprises 352 fully consolidated entities, one proportionally consolidated entity and 229 equity accounted entities. Its principal subsidiaries are as follows: Coface, Compagnie 1818, Natixis Global Asset Management, Natixis North America (NY), Natixis Private Equity and Société Européenne de Caution Mutuelle.
The Banques Populaires banks and the Caisses d'Epargne are consolidated by Natixis through the latter's ownership of the cooperative investment certificates (CICs) representing 20% of the capital of the Banques Populaires banks and the Caisses d'Epargne.

5.2.7 Statutory Auditors' report on the consolidated financial statements

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.

Year ended December 31, 2009.

To the shareholders of

BPCE
50, avenue Pierre-Mendès-France
F-75013 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, 2009, on:

- the audit of the accompanying consolidated financial statements of the BPCE SA group;
- justification of our assessments;
- specific verifications required by law.

The consolidated financial statements are the responsibility of the 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 assets, liabilities, financial position and results of the companies and entities included in the consolidated group in accordance with IFRS standards as adopted in the European Union.

Without qualifying the opinion expressed above, we draw your attention to:

- note 1.1 to the consolidated financial statements presenting the BPCE SA group, formed through the merger between Groupe Banque Populaire and Groupe Caisse d'Epargne;
- note 3.1 presenting the accounting treatment adopted for the creation of the BPCE SA group, together with note 12 to the consolidated financial statements stating how the pro forma financial data for the BPCE SA group in fiscal 2008 presented for comparisons was prepared.

II – Justification of our assessment

The accounting estimates used in the preparation of the consolidated financial statements at December 31, 2009 were made against the backdrop of a financial and economic crisis that had persisted since 2008. 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 estimates

- As indicated in notes 4.1.7 and 7.2 to the consolidated financial statements, the Group records impairment and provisions to cover the credit risks inherent in 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 4.1.6 and 5.4 to the consolidated financial statements, the Group uses internal models to measure financial instruments that are not quoted in active markets. 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 4.1.7 and 5.3 to the consolidated financial statements):
  - for equity instruments, whenever there is objective evidence of significant or prolonged impairment in the value of these assets;
  - for debt instruments, whenever there is a known counterparty risk.

  We have reviewed control procedures relating to the identification of evidence of impairment, valuation of the most significant line items, and estimates leading, where applicable, to the recognition of impairment losses.

- The Group tested its goodwill for impairment (notes 3.5.3 and 5.14 to the consolidated financial statements). We reviewed the methods and main assumptions used when performing these tests, as well as estimates used to recognize any impairment losses;
- The Group recognized deferred tax assets, particularly in respect of tax loss carryforwards (notes 4.12, 5.8 and 6.11 of the notes to the consolidated financial statements). We reviewed the main estimates and assumptions that led to the recognition of these deferred tax assets.
- Provisions were set aside to cover the Group's employee benefits (notes 4.10 and 8.2 to the consolidated financial statements). We reviewed the valuation method for these obligations and the principal parameters and assumptions used.

Presentation of the consolidated financial statements

- note 3.1 states the accounting treatment adopted for the formation of the BPCE SA group. We reviewed the foundations for the principles and treatment adopted and the financial information published.
- Pro forma financial data at December 31, 2008 for the balance sheet and for the fiscal year from January 1 to December 31, 2008 for the income statement was prepared for the BPCE SA group. During our assessments, our work chiefly consisted in reviewing the process used to prepare this information, verifying that it was prepared as described in note 12 to the consolidated financial statements and examining the documentation underpinning pro forma restatements.

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 verifications

We also carried out the specific verifications required by law of the information provided in the Group's Management Report in accordance with professional standards applicable in France.

We have no matters to report as to its fair presentation and consistency with the consolidated financial statements.

Paris-La Défense et Neuilly-sur-Seine, April 30, 2010

The Statutory Auditors

KPMG Audit
A division of KPMG S.A.
1, cours Valmy
92923 Paris-La Défense Cedex

Fabrice Odent   Marie-Christine Jolys

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex

Anik Chaumartin   Agnès Hussherr

Mazars
61, rue Henri-Regnault
92075 Paris La Défense Cedex

Michel Barbet-Massin   Charles de Boisriou

5.3 Parent company financial statements

5.3.1 Balance sheet

ASSETS

in millions of euros	*Note*	12/31/2009	12/31/2008
Cash and amounts due from central banks		4,819	
Treasury bills and similar securities	*3.3*	0	
Loans and advances due from credit establishments	*3.1*	167,788	
Customer transactions	*3.2*	1,042	
Bonds and other fixed-income securities	*3.3*	38,608	
Equities and other variable-income securities	*3.3*	923	
Equity interests and other long-term investments	*3.4*	5,865	
Investments in affiliates	*3.4*	18,942	
Finance lease and operating lease transactions	*3.5*		
Intangible assets	*3.6*	16	
Property, plant and equipment	*3.6*	50	
Other assets	*3.9*	408	
Accrual accounts	*3.9*	4,385	
TOTAL ASSETS		**242,846**	**0**

Off-balance sheet commitments

	Note	12/31/2009	12/31/2008
Commitments given			
Financing commitments	*4.1*	12,414	
Guarantee commitments	*4.1*	43,509	
Commitments given on securities		0	

LIABILITIES AND EQUITY

in millions of euros	*Note*	12/31/2009	12/31/2008
Amounts due to central banks			
Amounts due to credit institutions	*3.1*	134,201	
Amounts due to customers	*3.2*	5,286	
Debt securities	*3.7*	51,403	
Other liabilities	*3.9*	12,192	
Accrual accounts	*3.9*	3,123	
Provisions	*3.10*	772	
Subordinated debt	*3.11*	16,200	
Fund for general banking risks (FGBR)	*3.12*	1,000	
Shareholders' equity (excl. FGBR)	*3.13*	18,669	0
Share capital		486	
Issue premium		18,177	
Reserves		0	
Remeasurement adjustment			
Regulated provisions and investment subsidies		3	
Retained earnings			
Net income for the year (+/-)		3	
TOTAL LIABILITIES AND EQUITY		**242,846**	**0**

Off-balance sheet commitments

	Note	12/31/2009	12/31/2008
Commitments received			
Financing commitments	*4.1*	34,798	
Guarantee commitments	*4.1*	1,756	
Commitments received on securities		84	

5.3.2 Income statement

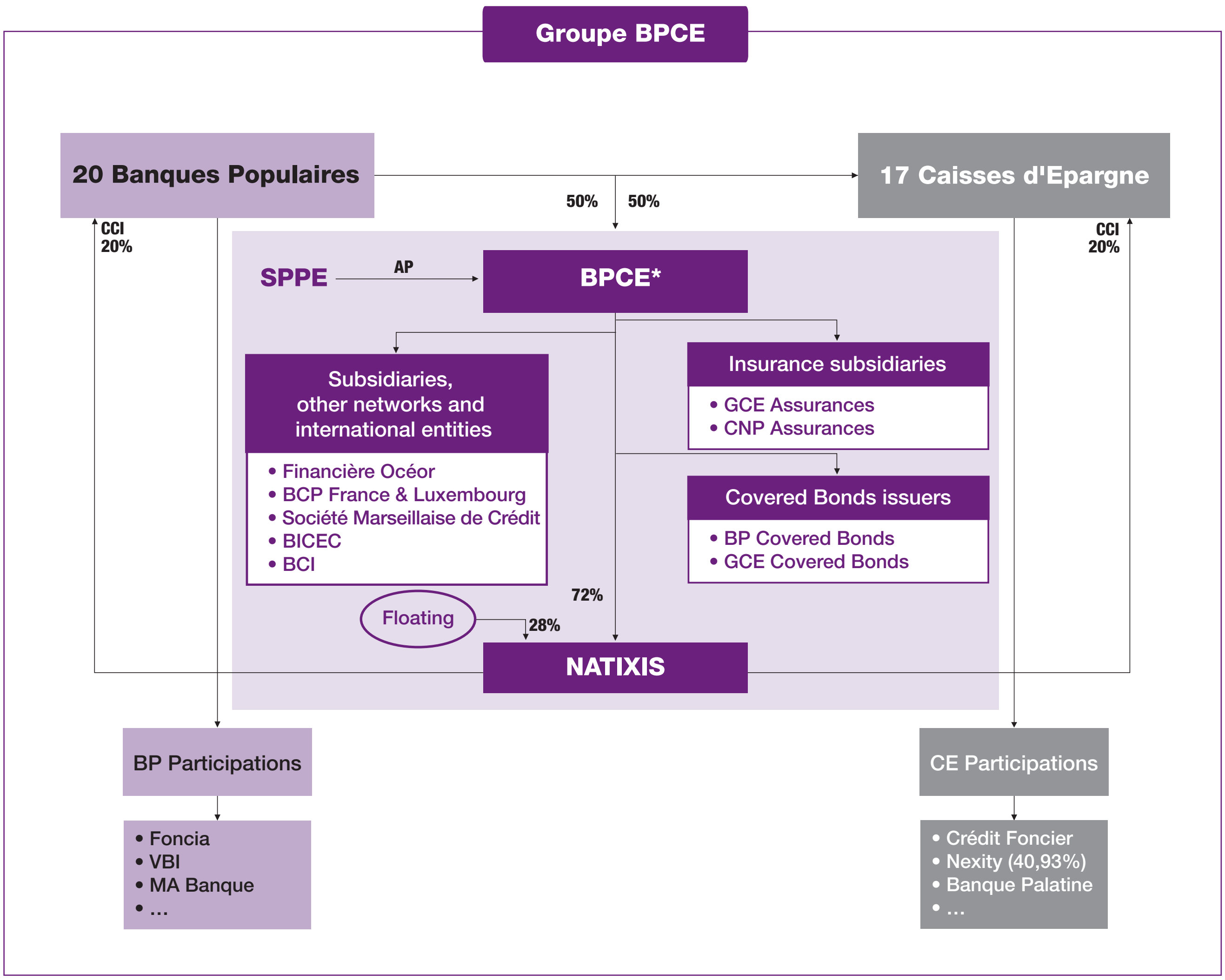
in millions of euros	*Note*	2009	2008
Interest and similar income	*5.1*	6,767	
Interest and similar expense	*5.1*	(6,941)	
Income from variable-income securities	*5.3*	419	
Commission and fees income	*5.4*	81	
Commission and fees expense	*5.4*	(79)	
Net gain or loss on held-for-sale portfolio transactions	*5.5*	21	
Net gain or loss on held-for-sale portfolio transactions and similar items	*5.6*	5	
Other operating income	*5.7*	66	
Other operating expense	*5.7*	(6)	
Net banking income		**333**	**0**
General operating expenses	*5.8*	(188)	
Depreciation, amortization and impairment for intangible assets and property, plant and equipment		(15)	
Gross operating income		**130**	**0**
Cost of risk	*5.9*	(163)	
Operating income		**(33)**	**0**
Gains or losses on fixed assets	*5.10*	1,065	
Current income before tax		**1,032**	**0**
Exceptional income	*5.11*		
Income tax	*5.12*	(28)	
Additions to/Reversals from FGBR and regulated provisions		(1,001)	
NET INCOME		**3**	**0**

5.3.3 Notes to the parent company financial statements

Note 1 General background

1.1 THE GROUPE BPCE

The Groupe BPCE was officially established on July 31, 2009. It comprises the Banque Populaire network, the Caisse d'Epargne network, the BPCE central institution and its subsidiaries, BP Participations (formerly named Banque Fédérale des Banques Populaires – BFBP) and its subsidiaries, CE Participations (formerly named Caisse Nationale des Caisses d'Epargne – CNCE) and its subsidiaries.



* *The French state holds €3 billion in non-voting preference shares in BPCE*

The two banking networks: Banque Populaire and Caisse d'Epargne

The Group has a distinctly cooperative character: its member-stakeholders own the two Retail Banking networks, the 20 Banques Populaires and the 17 Caisses d'Epargne. Each of the two networks owns an equal share in the Group's central institution, known as BPCE. The Banque Populaire network comprises the Banque Populaire banks, the mutual guarantee companies whose sole purpose is to guarantee customer loans granted by the Banque Populaire banks, and the special investment company of the Banque Populaire network.

The Caisse d'Epargne network comprises the Caisses d'Epargne et de Prévoyance, the local savings companies, the Fédération Nationale des Caisses d'Epargne and the special investment company of the Caisse d'Epargne network.

The Banques Populaires are 80%-owned by their member-stakeholders and 20%-owned by Natixis *via* the cooperative investment certificates (CIC). The capital of the Caisses d'Epargne is 80%-owned by the Local Savings Companies (LSC) and 20%-owned by Natixis *via* the CICs. The regionally based local savings companies are cooperative structures with an open-ended capital stock which is owned by member-stakeholders. The LSCs 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. They are not authorized to carry out banking activities.

BPCE

The new central institution, named BPCE, was established by French Law 2009-715 of June 18, 2009. It replaces the two existing central bodies, BFBP and CNCE. Its formation was effected through partial contributions of assets, subject to French law on corporate spin-offs, which were made by BFBP and CNCE. The French state holds non-voting preference shares in BPCE.

BPCE is a central institution as defined by French banking law, and has the status of a credit institution authorized to operate as a bank. It is incorporated as a joint-stock corporation *(société anonyme)* with a two-tier management structure (Management Board and Supervisory Board) whose capital stock has been held equally by the 17 Caisses d'Epargne and the 20 Banque Populaire banks since July 31, 2009. It owns the subsidiaries common to both networks in the retail banking and Corporate Banking and Financial Services sectors, and their production entities.

BPCE's main subsidiaries are:

- Natixis, 72%-owned, which combines the wholesale banking and financial services businesses;
- GCE Covered Bonds, the Covered bonds program of Caisses d'Epargne;
- BP Covered Bonds, the Covered bonds program of Banques Populaires;
- Financière Océor, a development bank for the French regions and overseas territories, and international business;
- Banque BCP (France) and Banque BCP (Luxembourg), the commercial banks formed from the merger of Portuguese financial institutions;
- Société Marseillaise de Crédit (SMC), a regional commercial bank;
- BCI and BICEC and BIAT, commercial banks based in the Republic of Congo, Cameroon and Tunisia;
- CNP Assurances (personal care services) and GCE Assurances (non-life insurance);
- GCE Technologies, the information systems centre of Caisses d'Epargne;
- i-BP, the Banques Populaires' unified IT platform.

BPCE's corporate mission embodies the continuity of the cooperative principles underlying the Banques Populaires and the Caisses d'Epargne.

The central institution BPCE represents the interests of its affiliates in dealings with the supervisory authorities, defines the range of products and services marketed by them, organizes depositor protection, approves senior management appointments, and oversees the smooth functioning of the Group's entities.

As a holding company, BPCE is the head entity of the Group. It owns and manages the equity interests in the Group's subsidiaries. It defines the Group's corporate strategy and growth and expansion policies.

In respect of the Group's financial functions, the BPCE is responsible, in particular, for the centralized management of surplus funds, for the execution of 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. BPCE also provides banking services to the other Group entities.

BP Participations and CE Participations

The Banque Populaire and Caisse d'Epargne networks respectively own all of the equity capital of their former central bodies:

- BFBP, which has been renamed Banques Populaires Participations (BP Participations), is owned by the Banque Populaire banks; and
- CNCE, which has been renamed Caisses d'Epargne Participations (CE Participations), is owned by the Caisses d'Epargne.

BP Participations and CE Participations also hold the assets that were excluded from the asset contributions made to BPCE. These holding companies are authorized to operate as credit institutions in the financial companies category and are affiliates of BPCE.

The management of these holding companies is based on a clear and uniform governance framework, and is closely controlled by BPCE. The two holding companies have a limited, specific and exclusive corporate purpose: in accordance with Article L. 311-1 of the French Monetary and Financial Code *(Code monétaire et financier)*, to manage and control their respective investments and proprietary trading activities, and to ensure the continuity of any credit transactions undertaken by the BFBP or the CNCE that were not transferred to BPCE as part of the asset contributions.

The subsidiaries of the real estate division (including Crédit Foncier de France, Nexity, Foncia, and MeilleurTaux of the former groups) as well as the other investments of the two central bodies (including Banca Carige, Banque Palatine and Ma Banque) remain under the control of BP Participations and CE Participations.

1.2 GUARANTEE MECHANISM

Pursuant to Article L. 512-107-6 of the French Monetary and Financial Code *(Code monétaire et financier),* the guarantee and shared support mechanism was set up to ensure the liquidity and capital adequacy of the Group and its affiliates, and to organize financial support within the Banque Populaire and Caisse d'Epargne networks.

BPCE is tasked with taking all measures necessary to guarantee the capital adequacy of the Group and each of the networks, including implementing the appropriate internal financing mechanisms within the Group and establishing a mutual guarantee fund common to both networks, for which it determines the working rules, the conditions for the provision of financial support to the existing funds of the two networks, as well as the contributions of affiliates to the fund's initial capital endowment and reconstitution.

BPCE manages the funds for the Banque Populaire network and the Caisses d'Epargne et de Prévoyance network and has put in place the new Mutual Guarantee Fund.

The fund for the Banque Populaire network is made up of the amount held by the guarantee fund set up by the former Groupe Banque Populaire in consideration for the €450 million fund for general banking risks (FGBR). The deposit made to the fund by BP Participations was booked by BPCE in the form of 10-year time deposit which is indefinitely renewable.

The deposit made to the fund for the Caisses d'Epargne et de Prévoyance network by CE Participations (€450 million) was booked by BPCE in the form of a 10-year time deposit which is indefinitely renewable. This sum was initially deposited with CE Participations by the Caisses d'Epargne.

The Mutual Guarantee Fund has been formed by deposits made by the Banques Populaires and the Caisses d'Epargne. These deposits were booked by BPCE in the form of 10-year time deposits which are indefinitely renewable. The initial amount of the deposits was €20 million (€10 million each from the Banques Populaires and the Caisses d'Epargne). Thereafter, the fund will be topped up each year by an amount equivalent to 5% of the contributions made by the Banques Populaires and the Caisses d'Epargne and their subsidiaries – excluding the holding companies and their respective subsidiaries – to the Group's consolidated income. The top-up amount is capped at 0.3% of the Group's risk-weighted assets (RWA). These contributions will be prorated against BPCE's capital stock, using the same allocation key as described above.

The total amount of deposits made to BPCE in respect of the funds for the Banque Populaire network, the fund for the Caisses d'Epargne et de Prévoyance network and the Mutual Guarantee Fund may not be less than 0.15% of the total weighted assets of the Group.

In connection with the guarantee and shared support mechanism, each deposit made by a Banque Populaire or Caisse d'Epargne gives rise to the allocation of an equivalent amount to the fund for general banking risks of the concerned institution.

The triggering procedure for the guarantee mechanism is subject to the following order of priority:

Each beneficiary must first draw upon its own capital. BPCE may request the Banques Populaires and the Caisses d'Epargne to provide financial support under the guarantee and capital adequacy mechanism, by applying the allocation keys for contributions and before drawing on the funds of the three networks.

If the defaulting institution belongs to one of the two networks (the Caisses d'Epargne and their subsidiaries having the status of credit institution and BPCE affiliate, the Banques Populaires and their subsidiaries having the status of credit institution and BPCE affiliate), the amount concerned:

- is charged first against the guarantee fund of the appropriate network, *i.e.* against the deposit (term or demand) of the corresponding holding company, until this deposit is depleted;
- if this deposit is depleted, the parent companies of the corresponding network (Banque Populaire or Caisse d'Epargne networks) will be called on to contribute within their capacities;
- if their capacities are depleted, the amount will be charged against the investment fund, *i.e.* against term deposits held in the books of BPCE in the name of all the parent companies;
- if the investment fund is depleted, any residual amount will be charged against the guarantee fund of the other network, *i.e.* against the term deposits of the other holding company;
- if the guarantee fund of the other network is also depleted, the parent companies of that network will be called to make contributions within their capacities.

If the defaulting institution is BPCE or one of its subsidiaries, the amount:

- will be charged first against the guarantee fund, *i.e.* against term deposits held in the books of BPCE in the name of all the parent companies until it is depleted;
- then, symmetrically, against the two networks' guarantee funds, *i.e.* against the term deposits of the two holding companies;
- if these two funds are depleted, the parent companies will be called to make contributions within their capacities.

Any provision of financial support by the fund to the Banque Populaire network, the fund for the Caisses d'Epargne et de Prévoyance network and/or the Mutual Guarantee Fund or, more generally, any provision of funds under the guarantee and shared support mechanism in favor of a beneficiary, will take the form of a subsidy or any other more appropriate form of support.

The mutual guarantee companies *(sociétés de caution mutuelle)*, whose sole corporate purpose guaranteeing loans issued by Banque Populaire banks, are covered by the liquidity and capital adequacy guarantee of the Banque Populaire bank with which they are jointly licensed in accordance with Article R. 515-1 of the French Monetary and Financial Code *(Code monétaire et financier)*.

The liquidity and capital adequacy of the Caisses de Crédit Maritime are guaranteed in respect of each individual Caisse, by the Banque Populaire which is both the core shareholder and provider of technical and operational support for the concerned Caisse to the partner Banque Populaire bank.

The liquidity and capital adequacy of the local savings companies are secured, firstly, at the level of each individual local savings company by the Caisse d'Epargne which is the shareholder of the concerned local savings company.

BPCE's Management Boards holds all the requisite powers to mobilize the resources of the various contributors without delay and in accordance with the agreed order, on the basis of prior authorizations given to BPCE by the contributors.

1.3 SIGNIFICANT EVENTS

1.3.1 Formation of the Groupe BPCE

The first half of 2009 saw work continue on the combination initiated in October 2008 by the Groupe Caisse d'Epargne and the Groupe Banque Populaire. François Pérol was appointed Chief Executive Officer of the Banque Fédérale des Banques Populaires (BFBP) and Executive Chairman of the Caisse Nationale des Caisses d'Epargne (CNCE). He led the process, bringing it to fruition according to an ambitious timetable.

The various steps necessary to give birth to France's second-largest banking group were taken, leading up to the approval by extraordinary shareholders' meetings of the BFBP, CNCE and BPCE on July 31, 2009, and the creation of the Groupe BPCE.

The financial statements presented for comparison with the 2009 financial statements correspond to those of the GCE NAO entity, a support structure which operated as a non-trading company up until the formation of the Groupe BPCE, and which had a share capital of €37,000 at December 31, 2008.

GCE NAO was renamed BPCE by a decision of the Shareholders' Meeting of July 9, 2009.

Since August 3, 2009, BPCE has been jointly owned by the 20 Banques Populaires and the 17 Caisses d'Epargne, following the contribution of the activities of their central bodies and the main assets of BFBP and CNCE. The new group also received capital from the French state in the following amounts:

- €4.05 billion in deeply subordinated notes issued by BFBP and CNCE between the fourth quarter of 2008 and the second quarter of 2009 and contributed to BPCE (including €750 million in notes which were repaid to the French state during the fourth quarter of 2009);
- €3 billion in non-voting preference shares issued by BPCE on July 31, 2009.

1.3.2 The BPCE guarantee in favor of Natixis concerning part of the assets placed in the workout portfolio (GAPC)

The mechanism protecting Natixis against the risk of future losses and earnings volatility relating to the workout portfolio, announced in August 2009, was formally approved on November 12, 2009 by the executive bodies of both BPCE and Natixis, with retroactive effect as of July 1, 2009.

The guarantee mechanism was approved by the French Banking Commission approval and comprises two components:

- a risk sub-participation agreement which acts as a financial guarantee on 85% of the assets recognized under the "securities held to maturity", "trading securities", "securities available for sale", and "receivables" categories. Under this guarantee, BPCE protects Natixis from the first euro in default up to 85% of the amount due in the event of any default relating to:
  - a coupon payment,
  - the repayment of the nominal value.

  The financial guarantee agreement stipulates that Natixis will pay a premium of €1,183 million to BPCE. This premium corresponds to:
  - estimated losses on securities based on the recoverable amount at June 30, 2009, insofar as BPCE guarantees the securities up to their nominal value,
  - remuneration for the guarantee;
- two total return swaps (TRS), one in euros and another in dollars, which transfer to BPCE 85% of the profit or loss recognized from July 1, 2009 in respect of the portfolio of financial instruments defined in the contracts. The instruments covered by these TRS consist mainly of securities classified as "trading securities" and, to a lesser extent, of securities classified as "securities available for sale".

In parallel, Natixis has bought a call option from BPCE which, if exercised, will enable it to recover in ten years' time any net positive performance by the portfolio, subject to the payment of a €367 million premium.

Income impact for BPCE:

As of December 31, 2009, income recognized in respect of the premium totaled €169 million, of which €97 million was recorded in net banking income and €72 million in cost of risk. Additional writedowns booked by Natixis against assets covered by the financial guarantee had a €231 negative impact on BPCE's financial statements which was recorded under "Cost of risk".

In accordance with French accounting practices, the TRS and call option form a homogenous group and are recorded under unrealized gains. No accounting entry was recorded for these income items.

1.3.3 Capital optimization and management actions on behalf of the Group

On July 6, 2009, BPCE launched seven exchange offers for Tier-1 securities issued by Natixis. The securities contributed as part of these offers could be exchanged for new Tier-1 notes issued by BPCE. This transaction (0.8 billion in new BPCE securities), positions the central body of the new banking group, Groupe BPCE, as a major international bond issuer.

In addition, in October 2009, the Group issued €750 million in deeply subordinated notes and effected the partial redemption of deeply subordinated notes issued to the SPPE in an identical amount.

1.4 SUBSEQUENT EVENTS

1.4.1 2010-2013 Strategic plan

On February 25, 2010, the Groupe BPCE announced the key thrusts of its 2010-2013 strategic plan which will focus on the following areas:

- growth to be focused on core business lines: Commercial Banking and Insurance as well as on Corporate and Investment Banking, and Investment Solutions and Specialized Financial Services with Natixis;
- management of the Group's investments in the real estate sector (Foncia, Nexity and Eurosic) as equity interests.

The announcement of the strategic plan has no direct impact on the individual financial statements of BPCE for the period ended December 31, 2009.

1.4.2 Simplification of the Group's structure

On February 25, 2010, BPCE announced a simplification to the Group's structure for which implementation is scheduled for the end of July 2010:

- plan to merge BPCE with the equity investment holding companies of the Banques Populaires (BP Participations) and the Caisses d'Epargne (CE Participations);
- equity interest in Nexity to be held directly by the Caisses d'Epargne.

This decision has no direct impact on the individual financial statements of BPCE for the period ended December 31, 2009.

These transactions will result in significant changes to the composition of BPCE's securities portfolios and, especially, to the equity interests portfolio (Crédit Foncier de France, Foncia and Banque Palatine).

Note 2 Accounting principles and methods

2.1 MEASUREMENT AND PRESENTATION METHODS

The individual financial statements 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).

The financial statements are presented in accordance with the provisions of CRC Regulation 2000-03 governing summary parent company financial statements.

The financial statements for the prior year were drawn up in accordance with the French General Chart of Accounts. The 2008 financial statements correspond to the GCE NAO SAS entity, a non-trading support structure, which was transformed into a *société anonyme* (joint stock corporation) on April 6, 2009 and renamed BPCE as from the July 9, 2009 Shareholders' Meeting. Insofar as BPCE operates as a credit institution, the summary financial statements and accounting methods were adapted to comply with the regulatory provisions governing credit institutions.

The texts adopted by the *Comité de la réglementation comptable* which had mandatory application in 2009 did not have a significant impact on the company's individual financial statements.

Unless otherwise stated, the company did not elect to anticipate the application of texts adopted by the *Comité de la réglementation comptable* for which application is optional.

2.2 ACCOUNTING PRINCIPLES AND MEASUREMENT METHODS

The general accounting principles were applied in observance of the prudence concept, in accordance with the following basic assumptions:

- the going concern assumption;
- consistency of accounting methods from one period to the next;
- independence of fiscal years and observance of the general rules governing the preparation and presentation of annual financial statements.

The basic method for valuing accounting entries is the historical cost method and all balance sheet items are presented, as appropriate, net of amortization, provisions and allowances for impairment.

2.2.1 Foreign currency transactions

Income and expenses relating to foreign currency transactions are determined in accordance with CRBF Regulation 89-01 as amended by the terms of Regulations 90-01 and 95-04.

Receivables, liabilities, and off-balance sheet commitments denominated in foreign currencies are valued at the exchange rate at the end of the fiscal year. Definitive or unrealized foreign exchange gains and losses are recognized in income. Income and expenses paid or received in foreign currencies are recognized at the exchange rate on the date of the transaction.

Fixed assets and equity investments denominated in foreign currencies but financed in euros are valued at acquisition cost.

Unsettled spot foreign exchange transactions are valued at the exchange rate at year-end.

Discounts or premiums on foreign exchange forward and futures contracts used for hedging purposes are recognized in income on a prorata basis. Other foreign exchange contracts and forward and futures instruments denominated in foreign currencies are valued at market price. Outright foreign exchange forward and futures contracts, and those hedged by forward and futures instruments, are revalued over the remaining term. Foreign exchange swaps are recognized as coupled buy/sell forward transactions. Foreign exchange swaps are subject to CRBF Regulation 90-15 as amended.

2.2.2 Transactions with credit institutions and customers

Loans and advances to credit institutions cover all loans and advances to banks in connection with banking transactions with the exception of those represented by a security. They also include securities received under repurchase agreements, regardless of the type of underlying, and loans and advances relating to securities repurchase agreements. They are broken down between demand loans and advances, and term loans and time deposits. Loans to credit institutions are recorded in the balance sheet at their nominal value, with the exception of buybacks of customer receivables which are recorded at cost, plus accrued interest and net of any impairment charges recognized for credit risk.

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. Loans to customers are recorded in the balance sheet at their nominal value, with the exception of buybacks of customer receivables which are recorded at cost, plus accrued interest and net of any impairment charges recognized for credit risk.

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.

Guarantees received are recorded in the accounts as an off-balance sheet item. 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.

Restructured loans

Restructured loans are those whose initial characteristics (term and interest rate) are modified to facilitate repayment by the counterparty, which is encountering financial difficulty.

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 for fixed-rate loans is the initial effective interest rate and the discount rate used for variable-rate loans is the most recent effective interest rate prior to the restructuring date. The effective rate is the contractual 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 using an actuarial method.

A doubtful restructured loan may be reclassified as performing when the terms of the loan are complied with. These reclassified loans are identified. When a loan that has been reclassified becomes overdue, regardless of the restructuring terms agreed, the loan is downgraded to doubtful.

Non-performing loans

Non-performing loans consist of all outstanding amounts, whether or not due or guaranteed or otherwise, where at least one commitment made by the debtor has involved a known credit risk, classified as such on an individual basis. A risk is considered to be "known" when it is probable that the Group will not collect all or part of the sums owed under the terms of the commitments made by the counterparty, notwithstanding any guarantees or collateral. Non-performing loans are identified in compliance with CRC Regulation 2002-03 on accounting for credit risk, as amended by CRC Regulation 2005-03 of November 25, 2005, particularly in the case of loans past due for over three months, over six months for real estate loans, and over nine months for loans to local authorities.

Loans are considered to be irrecoverable when full or partial collection is deemed to be highly unlikely and a write-off is considered. Loans and receivables whose terms have lapsed, terminated finance lease agreements, and perpetual loans which have been rescinded, are considered as irrecoverable. The existence of guarantees covering nearly all risks, along with the conditions for classification as doubtful loans and receivables, must be taken into consideration in order to qualify a non-performing loan as irrecoverable and to assess the associated impairment provision. A debt that has been classified as doubtful for more than one year is assumed to be irrecoverable, unless a write-off is not foreseen. Reclassification of a debt from doubtful to irrecoverable does not automatically entail the reclassification of the counterparty's other doubtful loans and commitments to irrecoverable.

For non-performing loans, accrued interest or interest due but not received is recognized in income from banking operations and impaired accordingly. For irrecoverable loans and receivables, accrued interest due but not received is not recognized.

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.

Repurchase agreements

Collateralized repurchase agreements are recognized in accordance with CRBF Regulation 89-07 as amended by the terms of 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.

Impairment

Loans for which recovery is uncertain result in the recognition of an impairment loss on the asset to cover the risk of loss. Impairment losses are calculated on a case-by-case basis, taking into account the present value of guarantees received. Impairment losses are determined on at least a quarterly basis and are calculated in reference to available guarantees and a risk analysis. Impairment losses cover at a minimum the interest not received on non-performing loans.

Impairment for probable losses includes all impairment charges, calculated as the difference between the capital outstanding and the forecast cash flows discounted at the initial effective interest rate.

A statistical method is used to estimate minor loans with similar characteristics if more appropriate.

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.

Non-performing loans and receivables are written off as losses and the corresponding impairment allowances are reversed.

2.2.3 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 defined in two key texts:

- CRC Regulation 2005-01, amending CRBF Regulation 90-01 of February 23, 1990, and supplemented by Instruction 94-07 of the French Banking Commission which defines the general accounting and measurement rules for securities;
- CRBF Regulation 89-07, supplemented by Instruction 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, debt securities held to maturity, and 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.

Securities classified as trading securities cannot be transferred to another accounting category (except in exceptional market situations requiring a change of strategy or 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.

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 acquisition 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.

Unrealized capital gains are subject to an impairment provision estimated from the most recent share price for listed securities, or the probable trading value for unlisted securities.

Gains generated by hedging instruments if any, as defined by Article 4 of CRBF 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 "Trading securities" or "Securities available for sale" and for which the company 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 designation as items hedged against interest rate risk.

Debt securities held to maturity are recorded in the accounts at cost as of their acquisition date, less 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, may be sold when the market on which they are traded becomes active again.

Equity securities available for sale in the medium term

Equity securities available for sale in the medium term comprise securities invested 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, less transaction costs.

At the end of the period, they are included in the balance sheet at the lower of historical cost or value in use. 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, including transaction costs, if the amounts are significant.

They are individually valued at the balance sheet date at the lower of acquisition 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 investments 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 recognized at acquisition cost, less transaction costs.

They are included in the balance sheet at the lower of historical 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.

Reclassification of financial assets

In order to harmonize accounting practices and ensure consistency with IFRS, the Conseil National de la Comptabilité issued Regulation 2008-17 on December 10, 2008, which amended CRBF Regulation 90-01 on the recognition of securities transactions. TThis regulation is based on Opinion 2008-19 of December 8, 2008 which dealt with the reclassification of securities out of the "trading account securities" and "available-for-sale securities" categories.

The reclassification out of the "trading securities" category to the "available-for-sale securities" and "debt securities held to maturity" is now allowed in the following two cases:

a) under exceptional market circumstances that require a change in strategy;

b) where fixed-income securities are no longer, after their acquisition, negotiable on active markets, and provided that the company has the intention and the capacity to hold them in the foreseeable future or until they reach maturity.

Reclassifications from the "available-for-sale securities" category to the "debt securities held to maturity" category are effective as from the reclassification date in either of the following conditions:

a) under exceptional market circumstances necessitating a change of strategy;

b) where fixed-income securities are no longer negotiable on active markets.

2.2.4 Property, plant and equipment and intangible assets

Accounting rules for fixed assets are defined by:

- CRC Regulation 2004-06 covering the recognition and valuation of assets; and
- CRC Regulation 2002-06 covering the amortization and depreciation of assets.

Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. 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.

Goodwill is not amortized but is subject, as appropriate, to impairment tests.

Leasehold rights are amortized on a straight-line basis over the residual term of the lease and, as appropriate, are tested for impairment relative to market value.

Property, plant and equipment

Property, plant and equipment consists of tangible assets that: (a) are held for use in the production or supply of goods and services, for rental to others or for administrative purposes; and (b) are expected to be used during more than one period.

Insofar as buildings are assets consisting of a number of components that have different uses at the outset, each component is recognized separately at cost and a depreciation schedule specific to each component is used.

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	20 to 50 years
Roofing	25 years
Elevators	15 years
Heating and air-conditioning equipment	10 years
Signage and façade elements	5 to 10 years
Openings (doors and windows)	20 years
Fencing	10 years
Security equipment	5 to 7 years
Cabling	10 years
Other fixtures and fittings	10 years

Other property, plant and equipment is recorded at cost, 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. Where applicable, assets may be subject to impairment. Investment properties correspond to non-operating assets and are accounted for using the component method.

2.2.5 Debt securities in issue

Debt securities in issue are classified based on the nature of the underlying: Retail certificates of deposit, interbank and money market securities, bond securities and other debt securities, apart from subordinated debt, which is recorded separately in a specific line item under liabilities. Accrued interest on these instruments is disclosed separately as a related payable, as a balancing entry to the income statement entry.

Issue premiums are recognized in their entire amount during the period or are spread out on a straight-line basis over the life of the debt.

Issue and redemption premiums are spread out on a straight-line basis over the life of the debt *via* a deferred charge account. Accrued interest payable is disclosed separately as a related payable, with an offsetting entry in the income statement.

2.2.6 Subordinated debt

Subordinated debt comprises proceeds from issues of subordinated debt securities, both term and perpetual subordinated debt, together with mutual guarantee deposits. In the event of liquidation of the debtor, the repayment of subordinated debt is only possible after all other creditors have been satisfied.

Accrued interest payable on subordinated debt is disclosed separately as a related payable, as a balancing entry to the income statement entry.

2.2.7 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 *(Code monétaire et financier)* 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 company 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 *(Code monétaire et financier)* and from related transactions 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 potential employee liabilities, a provision for counterparty risk and a provision for risks on regulated home savings products.

Employee benefits

Provisions for employee benefits are recognized in accordance with CNC Recommendation 2003-R.01. Employee benefits 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 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.

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. The valuation also allocates costs over the working life of each employee (projected unit credit method).

TERMINATION BENEFITS

Termination benefits are granted to employees on termination of their employment 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.

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 benefits are measured in the same way as are long-term employee benefits.

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).

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.

Provisions on housing savings plans

Regulated home savings accounts (comptes d'épargne logement, CEL) and regulated home savings plans (plans d'épargne logement, PEL) are retail products marketed 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.

2.2.8 Fund for general banking risks

This fund is intended to cover risks inherent to the company'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.

2.2.9 Forward financial instruments

Trading and hedging transactions in interest rate, currency or equity futures are recognized in accordance with the amended provisions of CRBF Regulations 88-02 and Instruction 90-15, as amended by Instruction 2003-03 of the French Banking Commission.

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.

Firm forward and futures contracts

Interest rate swaps and similar contracts (forward rate agreements, collars, etc.) are classified as follows according to their initial purpose:

- micro-hedging (assigned hedges);
- macro-hedging (for the overall balance sheet);
- speculative positions/isolated open positions;
- for use with transferable securities portfolios.

Amounts received or paid in respect of the first two categories are recognized in income on a prorata basis.

Income and expenses related to instruments used for hedging an asset or a group of similar assets are recognized in income symmetrically with the income and expenses from the hedged item. Gains and losses on hedging instruments are recognized in the same line item as the income and expenses from the hedged item, under "Interest and similar income" and "Interest and similar expenses". The line item "Gains/(losses) on trading portfolio transactions" is used when the hedged items are in the trading portfolio.

Income and expenses related to forward and futures contracts used for hedging purposes or for managing overall interest rate risk are recognized in the income statement on a prorata basis under "Interest and similar income" and "Interest and similar expenses". Unrealized gains and losses are not recognized.

Gains and losses on contracts qualified as 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. Unrealized gains are not recognized.

Contracts classified as specialized asset management contracts are measured using the replacement cost method or the bond method after applying a discount to take account of the counterparty risk and the net present value of future management costs.Changes in value from one accounting period to another are recognized immediately in the income statement under "Gains or losses on trading portfolio transactions".

Balances on the termination or transfer of interest rate swaps are recognized as follows:

- transactions classified under specialized asset management or isolated open positions are recognized immediately in income;
- for micro-hedging and macro-hedging transactions, balances are generally amortized over the remaining term of the initially hedged item.

Options

The notional amount of the underlying asset of an option or forward or futures contract is recognized by distinguishing between hedging contracts and contracts traded as part of capital market transactions.

For transactions involving interest rate, foreign exchange, or equity options, the premiums paid or received are recognized in a temporary account. At year-end, any options traded in an organized or similar market are valued and recognized in income. For over-the-counter (OTC) options, provisions are recognized for capital losses but unrealized gains are not recognized. When an option is sold, repurchased, or exercised, or when an option expires, the corresponding premium is recognized immediately in income. Income and expenses for hedging instruments are recognized symmetrically with those from the hedged item. Seller options are not eligible for classification as macro-hedging instruments.

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.

2.2.10 Interest and similar commission income

Interest and similar commission income is recognized on a prorata basis.

Other commission income is recognized according to the type of service provided as follows:

- commissions received for an ad hoc service are recognized on completion of the service;
- commissions received for an ongoing or discontinued service paid for through several installments are recognized over the period that the service is provided.

2.2.11 Income from securities portfolios

Dividends are recognized when the right to receive payment has been decided by the competent body. They are recognized under "Income from variable-income securities".

The portion of income received during the year from bonds or negotiable debt securities is also recognized.

2.2.12 Income tax

BPCE opted to elect for the provisions of Article 91 of the amended French Finance Act for 2008 which 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).

As head of the tax consolidation group, BPCE signed a tax consolidation agreement with the members of its group (including SMC, BP Covered Bonds and GCE Covered Bonds).

In accordance with the terms of this agreement, BPCE recognizes a receivable for the tax to be paid to it by the other members of the tax consolidation group along with a payable corresponding to the tax to be paid to the tax authorities on behalf of the consolidation group.

The income tax expense for the period corresponds to the tax expense of BPCE in respect of 2009, corrected to reflect the impact of tax consolidation upon the Group.

Note 3 Information on balance sheet items

Unless otherwise indicated, explanatory notes for balance sheet items are presented net of depreciation, amortization, impairment and provisions.

3.1 INTERBANK TRANSACTIONS

ASSETS

in millions of euros	12/31/2009	12/31/2008
Demand accounts	24,910	0
• Current accounts	17,636	
• Overnight loans	7,162	
• Securities received under demand repurchase agreements	0	
• Unallocated items	102	
• Accrued interest on demand deposits	10	
Term accounts	142,878	0
• Term accounts and loans	132,975	
• Subordinated and participating loans	5,657	
• Securities received under term repurchase agreements	3,493	
• Accrued interest on term deposits	753	
Non-performing loans	22	
o/w irrecoverable non-performing loans	*22*	
Impairment of interbank loans and receivables	(22)	
o/w impairment of irrecoverable non-performing loans	*(22)*	
TOTAL	**167,788**	**0**

Receivables arising from transactions with the network break down into €20,354 million in demand loans and advances, and €140,809 million in term loans and time deposits.

LIABILITIES

in millions of euros	12/31/2009	12/31/2008
Demand accounts	30,928	0
• Current accounts in credit	30,723	
• Overnight deposits	195	
• Securities given under demand repurchase agreements	0	
• Other amounts due	3	
• Accrued interest payable on demand deposits	7	
Term accounts	103,273	0
• Term accounts and loans	102,507	
• Securities given under term repurchase agreements	0	
• Accrued interest payable on term loans	766	
TOTAL	**134,201**	**0**

Payables arising from transactions with the network break down into €24,640 million in demand loans and advances, and €60,479 million in term loans and time deposits.

3.2 CUSTOMER TRANSACTIONS

3.2.1 Customer transactions

RECEIVABLES DUE FROM CUSTOMERS

Assets *in millions of euros*	12/31/2009	12/31/2008
Current accounts in debit	53	
Commercial loans	0	
Other customer loans	980	0
• Equipment loans	756	
• Overnight loans	151	
• Subordinated loans	71	
• Other items	2	
Accrued interest	9	
Non-performing loans and receivables	6	
Impairment of loans and advances to customers	(6)	
TOTAL	**1,042**	**0**
Of which:		
• loans restructured at market conditions		
• loans restructured at non market conditions		
• net discount		

CUSTOMER DEPOSITS

Liabilities *in millions of euros*	**12/31/2009**	**12/31/2008**
Accounts and loans from customers[1]	5,245	
Security deposits	0	
Other amounts due	0	
Accrued interest	41	
TOTAL	**5,286**	**0**

(1) Breakdown of other accounts and loans from customers.

	12/31/2009			**12/31/2008**		
in millions of euros	**Demand**	**Term**	**Total**	**Demand**	**Term**	**Total**
Current accounts in credit	489	////	489		////	0
Loans from financial customers		4,756	4,756			0
Repurchase agreements			0			
Other accounts and loans			0			0
TOTAL	**489**	**4,756**	**5,245**	**0**	**0**	**0**

3.2.2 Breakdown of outstanding loans by sector

		Non-performing loans and receivables		**o/w irrecoverable non-performing loans and receivables**	
in millions of euros	**Performing loans and receivables**	**Gross**	**Impairment**	**Gross**	**Impairment**
Non-financial companies	567	6	(6)	6	(6)
Self-employed customers	0				
Retail customers	0				
Nonprofit institutions	0				
Public administrations and social security institutions	304				
Other	165				
TOTAL AT DECEMBER 31, 2009	**1,036**	**6**	**(6)**	**6**	**(6)**
TOTAL AT DECEMBER 31, 2008	**0**	**0**	**0**	**0**	**0**

3.3 TREASURY BILLS, BONDS, EQUITIES AND OTHER FIXED- AND VARIABLE-INCOME SECURITIES

3.3.1 Securities portfolio

in millions of euros	12/31/2009				12/31/2008			
	Trading book	AFS securities	Held-to-maturity securities	Total	Trading book	AFS securities	Held-to-maturity securities	Total
Treasury bills and similar securities	**0**	**0**	**0**	**0**		**0**	**0**	**0**
Gross amount	///			0	///			0
Accrued interest	///			0	///			0
Impairment charges	///			0	///			0
Bonds and other fixed-income securities	**10,954**	**27,546**	**108**	**38,608**		**0**	**0**	**0**
Gross amount	10,954	27,505	105	38,564	///			0
Accrued interest	///	41	3	44	///			0
Impairment charges	///			0	///			0
Equities and other variable-income securities	**0**	**923**	**///**	**923**		**0**	**///**	**0**
Gross amount	///	923	///	923	///		///	0
Accrued interest	///		///	0	///		///	0
Impairment charges	///		///	0	///		///	0
TOTAL	**10,954**	**28,469**	**108**	**39,531**	**0**	**0**	**0**	**0**

BONDS AND OTHER FIXED-INCOME SECURITIES

in millions of euros	12/31/2009				12/31/2008			
	Trading book	AFS securities	Held-to-maturity securities	Total	Trading book	AFS securities	Held-to-maturity securities	Total
Listed securities		163		163				0
Unlisted securities		22,542	105	22,647				0
Securities loaned		4,800		4,800				0
Securities borrowed	10,954			10,954				0
Non-performing loans and receivables				0				0
Accrued interest		41	3	44				0
TOTAL	**10,954**	**27,546**	**108**	**38,608**	**0**	**0**	**0**	**0**
o/w subordinated notes			*105*	*105*				*0*

As of December 31, 2009, no impairment allowances had been recognized for unrealized capital losses on available-for-sale securities. Unrealized capital gains on available-for-sale securities amounted to €2 million at December 31, 2009. As of December 31, 2009, no impairment allowances had been taken to cover counterparty risk for debt securities held to maturity and unrealized gains on securities held to maturity.

EQUITIES AND OTHER VARIABLE-INCOME SECURITIES

in millions of euros	12/31/2009			12/31/2008			
	Trading book	AFS securities	Total	Trading book	AFS securities	Trading account securities	Total
Listed securities		923	923				0
Unlisted securities			0				0
Accrued interest		0	0				0
TOTAL	**0**	**923**	**923**	**0**	**0**	**0**	**0**

As of December 31, 2009, equities and other variable-income securities included €923 million in mutual funds, with accumulation funds accounting for €920 million of this total.

As of December 31, 2009, no impairment allowances had been recognized for unrealized capital losses and there were no unrealized capital gains on the available-for-sale securities portfolio.

3.3.2 Change in investment securities

in millions of euros	12/31/2008	Purchases	Disposals	Redemptions	Conversion	Discount/ surplus	Contributions	Other changes	12/31/2009
Treasury bills									0
Bonds and other fixed-income securities	0		(1)		(4)		112	1	108
TOTAL	**0**	**0**	**(1)**	**0**	**(4)**	**0**	**112**	**1**	**108**

3.3.3 Reclassifications of assets

TThe entity did not carry out any reclassifications of assets pursuant to the provisions of CRC Regulation 2008-17 of December 10, 2008 which allows for the transfer of securities out of the "Trading account securities" and "Available-for-sale securities" categories.

3.4 EQUITY INTERESTS, AFFILIATES AND OTHER LONG-TERM INVESTMENTS

3.4.1 Changes in equity interests, affiliates and other long-term investments

in millions of euros	12/31/2008	Increase	Decrease	Conversion	Other changes	Contributions	12/31/2009
Gross amount	0	7,553	(1,756)	(10)	0	19,960	25,747
• Equity interests and other long-term investments		3,761	(756)	(10)	(9,749)	12,679	5,925
• Investments in affiliates		3,792	(1,000)		9,749	7,281	19,822
- o/w current account advances & perpetual subordinated bonds		*5,269*	*(1,750)*	*(10)*	*0*	*2,705*	*6,214*
Impairment charges	0	815	(1,901)	0	0	2,026	940
• Equity investments and other long-term investments		9	(1)		(1,878)	1,930	(60)
• Investments in affiliates		806	(1,900)		1,878	96	(880)
- o/w current account advances & perpetual subordinated bonds							
LONG-TERM INVESTMENTS - NET	**0**	**6,738**	**145**	**(10)**	**0**	**17,934**	**24,807**

The main acquisitions of equity interests executed in 2009, in addition to asset contributions, were as follows:

- acquisition of Holassure securities (CNP holding company) from Caisses d'Epargne for €1,768 million;
- subscription to the increase in the capital of the Financière Océor (€250 million);
- subscription to the increase in the capital of the GCE Covered Bonds (€160 million);
- subscription to the increase in the capital of the BP Covered Bonds (€40 million);
- BICEC securities corresponding to the dividend paid by SIBP (€51 million).

The largest increases in perpetual deeply subordinated notes (€3,577 million) and current account advances (€1,500 million) during the period concerned Natixis. The largest reductions in perpetual deeply subordinated notes (€750 million) and current account advances (€1,000 million) during the period concerned Natixis.

The largest provisions for impairment in equity interests were as follows:

- €524 million relating to Financière Océor;
- €282 million relating to Société Marseillaise de Crédit; and
- the most significant reversals of provisions for impairment concerned Natixis (€1,878 million).

3.4.2 Summary of subsidiaries and affiliates (in millions of euros)

Subsidiaries and affiliates	Share capital 12/31/2008	Shareholders' equity other than share capital (incl. FGBR, as appropriate) as of 12/31/2008	% Interest held as of 12/31/2009
I. Detailed information concerning each security whose gross value exceeds 1% of the parent company's capital			
1. Subsidiaries (over 50%-held)			
Holassure - 5, rue Masseran - 75007 Paris	935	116	100.00%
GCE Paiements - 5, rue Masseran - 75007 Paris	7	0	100.00%
Natixis (SA) - 30, avenue Pierre Mendès France - 75013 Paris	4,653	15,646	71.54%
Ste Marsellaise de crédit- 75, rue Paradis - 13206 Marseille	16	229	100.00%
GCE Covered Bonds - 50, avenue Pierre Mendès France - 75013 Paris	65		98.56%
Financère Océor - 27, rue de la Tombe-Issoire - 75014 Paris	414	269	100.00%
Banques Populaires Covered Bonds - 19, rue Leblanc - 75015 Paris	40		100.00%
Banques Internatio Cameroun épargne & crédit - avenue du Générale de Gaulle BP1925 - Douala Cameroun	9	44	61.22%
Banques Commerciale Internationale - avenue Amilcar Cabral BP147 - Brazzaville	5	2	99.97%
2. Affiliates (between 10%- and 50%-held)			
DV HOLDING - 26, rue Remy Dumoncel - 75014 Paris	70	5	17.00%
GCE Assurances - 5, rue Masseran - 75007 Paris	40	0	46.38%
Informatique Banque Populaire - 23, place de Wicklow - 78180 Montigny le Bretonneux	90	(9)	29.52%
SERENA Maif (SA) - 100, avenue Salvador Allende - 79000 Niort	32	(18)	25.00%
Ste de Refinancement act, éts crédit - 39, rue Croix des petits champs 75001 Paris	50	0	18.86%
VIGEO - 40, rue Jean Jaurés - 75008 Paris	17	(8)	34.49%
Banque BCP Paris - 14, avenue Franklin Roosevelt - 75008 Paris	65	6	30.00%
Banque BCP Luxembour - 30, avenue de la gare - Luxembourg	13	6	30.00%
Billetique Monetique Services - 25, rue de Ponthieu - 75008 Paris	21	(22)	19.21%
Billetique Monetique Services Exploitation- 25, rue de Ponthieu - 75008 Paris	3	(9)	28.44%
II. General information concerning other securities whose gross value is less than 1% of the parent company's capital			
1. Subsidiaries not included in 1.1			
French subsidiaries			
Other subsidiaries			
Associations certificates			
1. Affiliates not included in 1.2			
French companies			
Other companies			
Of which investments in listed companies			

Carrying amount of shares held		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 12/31/2008 before tax	Net income/ (loss) for the year ended 12/31/2008	Dividends received by the company during the last fiscal year
Gross	Net					
1,768	1,768			85	84	
7	7			175		
14,790	14,790	32,089	13,917	(1,437)	(5,054)	
1,118	836			294	59	45
222	222	112				
1,039	444	4,970	53	44	29	
80	80	1		2		
56	56			51	11	
6	6			11	1	
53	53			3	7	
134	134	41		5	0	
31	31			233	1	
10	0		2	23	(10)	
9	9			1	0	
6	4			5	(1)	
36	36	720	45	73	12	3
11	11			9	2	1
6	0			6	(4)	
19	0			10		
2	2		2			2
1	1					
104	79	5,161	8,220			6
26	26					
14,797	*14,791*					

3.4.3 Entities for which the Group has unlimited liability

Corporate name	Head office	Legal form
SCI CIG - SCI CONGOLAISE IMMOBILIERE DE GESTION	Avenue Amilcar Cabral - BRAZZAVILLE	SCI
CE SYNDICATION RISQUE GIE	5, rue Masseran - 75007 PARIS	GIE
GIE PARTENARIAT CEMM	17/21 place Etienne Pernet - 75015 PARIS	GIE
GIE DISTRIBUTION	50, avenue Pierre Mendès-France - 75201 PARIS Cedex 13	GIE
GIE ECOLOCALE	50, avenue Pierre Mendès-France - 75201 PARIS Cedex 13	GIE
GIE ECUREUIL CREDIT	27-29, rue de la Tombe Issoire - 75673 PARIS Cedex 14	GIE
GIE GCE MOBILIZ	50 avenue Pierre-Mendès-France - 75201 PARIS CEDEX 13	GIE
GIE GCE ACHATS	12/20, rue Fernand Braudel - 75013 PARIS	GIE
GIE GCE TECHNOLOGIES	50, avenue Pierre Mendès-France - 75201 PARIS Cedex 13	GIE
GIE GCE BUSINESS SERVICES	50, avenue Pierre Mendès-France - 75013 PARIS Cedex 13	GIE

3.4.4 Related party transactions

in millions of euros	Credit institutions	Other companies	12/31/2009	12/31/2008
Receivables	**55,968**	**229**	**56,197**	
o/w subordinated items	*1,773*	*41*	*1,814*	
Payables	**49,467**	**109**	**49,576**	
o/w subordinated items				
Commitments given	**22,186**	**42**	**22,228**	
• Financing commitments	8,288	2	8,290	
• Guarantees	13,898	40	13,938	
• Other commitments given	0	0	0	
Commitments received	**6,492**	**0**	**6,492**	
• Financing commitments	29	0	29	
• Guarantees	296	0	296	
• Other commitments received	6,167	0	6,167	

3.5 INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

3.5.1 Intangible assets

in millions of euros	12/31/2008	Increase	Decrease	Contributions	Other movements	12/31/2009
Gross amount	**0**	**3**	**0**	**53**	**6**	**62**
• Lease rights and business assets	0			0		0
• Software		3		53	6	62
• Other						0
Depreciation and amortization	**0**	**3**	**0**	**43**	**0**	**46**
• Lease rights and business assets						0
• Software		3		43	0	46
• Other						0
NET AMOUNT OF INTANGIBLE ASSETS	**0**	**0**	**0**	**10**	**6**	**16**

3.5.2 Property, plant and equipment

in millions of euros	12/31/2008	Increase	Decrease	Contributions	Other movements	12/31/2009
Gross amount	**0**	**5**	**0**	**115**	**2**	**122**
Operating property, plant and equipment	**0**	**5**	**0**	**115**	**2**	**122**
Land						0
Buildings				3		3
Shares in non-trading real estate companies						0
Other		5		112	2	119
Non-operating property, plant, and equipment						**0**
Depreciation, amortization and impairment	**0**	**11**	**0**	**61**	**0**	**72**
Operating property, plant and equipment	**0**	**11**	**0**	**61**	**0**	**72**
Land						0
Buildings						0
Shares in non-trading real estate companies						0
Other		11		61		72
Non-operating property, plant, and equipment						**0**
NET AMOUNT OF PROPERTY, PLANT AND EQUIPMENT	**0**	**(6)**	**0**	**54**	**2**	**50**

3.6 DEBT SECURITIES

in millions of euros	12/31/2009	12/31/2008
Treasury bills and savings bonds	0	
Interbank market instruments and money market instruments	26,783	
Bonds	24,308	
Other debt securities	0	
Accrued interest	312	
TOTAL	**51,403**	**0**

The amount of bond issue and redemption premiums remaining to be amortized totaled €144 million.

The unamortized balance corresponds to the difference between the amount initially received and the redemption price for debt securities.

3.7 OTHER ASSETS, OTHER LIABILITIES

	12/31/2009		12/31/2008	
in millions of euros	Assets	Liabilities	Assets	Liabilities
Securities settlement accounts	48	50		
Premiums on options bought and sold	3	367		
Debt on borrowed securities and other securities debt	////	10,954	////	
Tax and social security receivables and liabilities	13	30		
Initial margins paid and received	274	741		
Other sundry payables, other sundry receivables	70	50		
TOTAL	**408**	**12,192**	**0**	**0**

Initial margins paid include, notably, €722 million paid in connection with the guarantee granted by BPCE for part of the Natixis assets placed in the workout portfolio (GAPC).

3.8 ACCRUAL ACCOUNTS

	12/31/2009		12/31/2008	
in millions of euros	Assets	Liabilities	Assets	Liabilities
Foreign exchange commitments	298	0		
Deferred gains and losses on hedging contracts	75	103		
Issue premiums and expenses	411	78		
Prepaid expenses and unearned income	108	481		
Accrued income and expenses	1,295	638		
Items in process of collection	2,172	1,803		
Other items	26	20		
TOTAL	**4,385**	**3,123**	**0**	**0**

Accrued income mainly comprised accrued interest on swaps (€858 million).

Accrued expenses mainly comprised accrued interest on swaps (€451 million).

3.9 PROVISIONS

3.9.1 Statement of changes in provisions

in millions of euros	12/31/2008	Additions	Utilizations	Reversals	Conversion	Contributions	12/31/2009
Provisions for counterparty risk	-	230	-	-	0	2	232
Provisions for employee benefit obligations		7	(4)			62	65
Provisions for litigation						2	2
Provisions for restructuring costs				(1)		11	10
Other provisions for contingencies	0	16	(80)	(30)	(6)	563	463
• Securities portfolio and futures contracts		13		(3)	(6)	4	8
• Long-term investments				(4)		6	2
• Real estate property development							0
• Provisions for taxes							0
• Other		3	(80)	(23)		553	453
TOTAL	**0**	**253**	**(84)**	**(31)**	**0**	**640**	**772**

3.9.2 Provisions and impairment for counterparty risks

in millions of euros	12/31/2008	Additions	Utilizations	Reversals	Contributions	Conversion	12/31/2009
Impairment of assets	**0**	**3**	**0**	**0**	**25**	**1**	**29**
Impairment of loans to customers	0	1	0	0	5		6
Impairment of other loans and receivables		2	0	0	20	1	23
Provisions for counterparty risk recognized as liabilities	**0**	**230**	**0**	**0**	**2**	**0**	**232**
Provisions for off-balance sheet commitments(1)	0	230	0	0	2		232
Provisions for customer credit risk(2)	0		0	0	0		0
Other provisions	0	0	0	0	0		0
TOTAL	**0**	**233**	**0**	**0**	**27**	**1**	**261**

(1) Including provisions for execution risk related to commitments, the charge relates to the guarantee for the Natixis workout portfolio in an amount of €229 million.
(2) A provision for contingencies was recorded in the segment corresponding to performing commitments (accounted for on the balance sheet or recorded off-balance sheet) for which there is information available enabling a risk of default or loss on maturity.

3.9.3 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 Caisses d'Epargne and the Banques Populaires belong. BPCE's obligations under these schemes are limited to the payment of contributions (€9 million in 2009).

Post-employment benefits related to defined benefit plans and long-term employee benefits

BPCE's obligations in this regard relate to the following schemes:

- the Caisses d'Epargne's private supplementary pension plan, which was previously managed by the Caisse Générale de Retraite des Caisses d'Epargne (CGRCE) and is now integrated within the Caisse Générale de Prévoyance des Caisses d'Epargne (retained benefits plan); This pension plan was discontinued as from December 31, 1999 and the associated rights were crystallized as from that date. The retained benefits plan is considered as a fund providing long-term employee benefits;

- the Banques Populaires' private supplementary pension plan, which is managed by the Caisse Autonome de Retraite des Banques Populaires (CAR), relates to the pension benefits resulting from the closure of the banking industry supplementary pension scheme as of December 31, 1993;
- 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.

These commitments are computed in accordance with CNC Recommendation 2003-R-01.

Analysis of assets and liabilities included in the balance sheet

in millions of euros	Former CGRCE plan	CAR plan	Pension obligations	Other obligations	12/31/2009	Former CGRCE plan	CAR plan	Pension obligations	Other obligations	12/31/2008
Present value of funded obligations (a)	79	18	112	3	212					
Fair value of plan assets (b)	(78)	(5)	(37)		(120)					
Fair value of reimbursement rights (c)	(9)				(9)					
Present value of unfunded obligations (d)	7	(1)	(21)		(15)					
Items not yet recognized: actuarial gains and losses and past service cost (e)			(13)		(13)					
NET AMOUNT RECORDED IN THE BALANCE SHEET (A) - (B) – (C) + (D) - (E)	**(1)**	**12**	**41**	**3**	**55**					
Liabilities	8	12	41	3	64					
Assets	(9)				(9)					

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 the staff of the network's companies. 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 absorption has no direct accounting impact for BPCE.

As of December 31, 2009, CARBP functioned as a French supplementary pension institution. As of January 1, 2010, it was converted into a French supplementary pension management institution with responsibility for the administrative management of pension commitments under the banking industry supplementary pension scheme. The associated pension liabilities have been outsourced to an insurance company. This outsourcing arrangement has no direct accounting impact for BPCE.

Experience adjustments

Experience adjustments are changes in plan assets and obligations unrelated to changes in actuarial assumptions.

	12/31/2009	12/31/2008	12/31/2007	12/31/2006
Present value of obligations (1)	97			
Fair value of plan assets and reimbursement rights (2)	(92)			
Deficit/(surplus)	**(8)**			
Experience adjustments to liabilities loss/(gain) as a % of (1)	2.60%			
Experience adjustments to assets loss/(gain) as a % of (2)	1.10%			

As of December 31, 2009, pension plan assets were allocated as follows:

- for the Banques Populaires pension plan: 52% in bonds, 35% in equities and 12% in money-market assets;
- for the Caisses d'Epargne pension plan: 88% in bonds, 4% in equities and 2% in real estate assets and 6% in money-market assets.

Analysis of expense for the year

	12/31/2009					12/31/2008				
in millions of euros	Former CGRCE plan	CAR plan	Pension obligations	Other obligations	Total	Former CGRCE plan	CAR plan	Pension obligations	Other obligations	Total
Service cost for the period			3	1	4					
Interest cost	3	1	3		7					
Expected return on hedging assets	(2)		(1)		(3)					
Expected return on reimbursement rights	(1)				(1)					
Actuarial gains and losses: amortization for the period			3	3	6					
Service cost for prior periods					0					
Other			3	3	6					
TOTAL	**0**	**1**	**11**	**7**	**19**					

Main actuarial assumptions

	Former CGRCE plan		CAR plan		Pension obligations		Other obligations	
%	12/31/2009	12/31/2008	12/31/2009	12/31/2008	12/31/2009	12/31/2008	12/31/2009	12/31/2008
Discount rate	4.10%		3.82%		3.70%		2.00%	
Expected return on hedging assets	4.20%		3.40%		2.89%			
Expected return on reimbursement rights	3.60%							

The life expectancy tables used are the TF00/02 table for retirement indemnities, long-service awards and other employee benefits, and TGH TGF 05 for the CGR and CAR supplementary pension funds.

Bonus share allocation scheme (SAGA)

The Natixis extraordinary shareholders' meeting of May 24, 2007 authorized Natixis's Executive Board to effect bonus share grants to employees of the Banque Populaire, Caisse d'Epargne and Natixis groups.

On November 12, 2007, Natixis's Executive Board granted non-negotiable allotment rights to each employee-beneficiary entitling them to receive Natixis shares after a two-year period. The allotment granted to each employee was initially set at 60 and was subsequently increased to 93 in order to take account of the capital increase effected on September 30, 2008.

Each entity accrued a charge corresponding to the cost of the shares to be ultimately vested in its employees and rebilled by Natixis at the end of the vesting period.

The charge recorded by BPCE for 2009 in respect of the bonus share allocation scheme amounted to €2 million.

Stock option purchase plans

Since the formation of BPCE, senior managers have neither received share subscription or purchase options, nor been awarded bonus shares.

3.10 SUBORDINATED DEBT

in millions of euros	12/31/2009	12/31/2008
Dated subordinated debt	7,683	
Perpetual subordinated debt	8,153	
Accrued interest	364	
TOTAL	**16,200**	**0**

As of December 31, 2009, the amount of bond issue and redemption premiums remaining to be amortized was €60 million, including €35 million in respect of redemption premiums for bonds subscribed by the Société de Prise de Participation de l'État (SPPE).

BPCE's issues of redeemable were subscribed as follows:

- €1,588 million in notes subscribed by the market; and
- €2,000 million in notes subscribed by the SPPE.

These deeply subordinated notes, which are included in the calculation of BPCE's regulatory capital in accordance with the terms of Article 4.d of CRBF Regulation 90-02, have the following characteristics.

Perpetual deeply subordinated debt

Currency *in millions of euros*	Issue date	Amount issued	Issue price	Interest rate	Step-up in basis points(1)	Date of early redemption option or step-up
EUR	11/26/2003	800	802	5.25%	184	7/30/2014
USD	07/30/2004	139	137	Mn (CTMAT10Y + 0.3%; 9%)	No	3/31/2010
EUR	10/06/2004	700	694	4.63%	153	7/30/2015
EUR	10/12/2004	80	82	Mn (Euribor 3M; 7%)	No	1/12/2010
USD	01/27/2006	208	207	6.75%	No	1/27/2012
EUR	02/01/2006	350	348	4.75%	135	2/1/2016
EUR	10/30/2007	850	846	6.12%	237	10/30/2017
EUR	12/11/2008	1,133	1,100	8.49%	No	
EUR	12/11/2008	206	200	8.49%	No	
EUR	06/26/2009	1,010	1,000	8.36%	No	
EUR	06/26/2009	1,010	1,000	8.36%	No	
EUR	08/06/2009	52	52	Mn (Euribor 3M; 5.37%)	No	9/30/2015
EUR	08/06/2009	374	374	12.50%	No	9/30/2019
USD	08/06/2009	93	93	13%	No	9/30/2015
USD	08/06/2009	308	308	12.50%	No	9/30/2019
EUR	10/22/2009	750	739	9.25%	No	4/22/2015
TOTAL		**8,063**	**7,982**			

(1) In excess of 3-month Euribor.

3.11 FUND FOR GENERAL BANKING RISKS

in millions of euros	12/31/2008	Additions	Decrease	Other movements	12/31/2009
Fund for General Banking Risks		1,000			1,000
TOTAL	**0**	**1,000**	**0**	**0**	**1,000**

3.12 EQUITY

in millions of euros	Capital	Additional paid-in capital	Reserves/Other	Net income	Total equity (excl. FGBR)
TOTAL AT DECEMBER 31, 2007					**0**
Movements in 2007					0
TOTAL AT DECEMBER 31, 2008	**0**	**0**	**0**	**0**	**0**
Variation de capital	486	18,177	3		18,666
Net income for 2008				3	3
Dividends paid					0
Other movements[1]					0
TOTAL AT DECEMBER 31, 2009	**486**	**18,177**	**3**	**3**	**18,669**

(1) To be itemized, as appropriate.

BPCE's capital stock, totaling €486 million and comprising 32,427,141 shares with a par value of €15 per share, is held as follows:

- the Caisses d'Epargne: €195 million;
- the Banques Populaires: €195 million;
- the SPPE: €96 million.

3.13 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	Less than 3 months	3 months to 1 year	1 to 5 years	Beyond 5 years	No fixed maturity	12/31/2009
TOTAL USES OF FUNDS	**56,696**	**46,017**	**63,818**	**40,661**	**246**	**207,438**
Treasury bills and similar securities						0
Loans and advances credit institutions	51,226	40,710	41,987	33,649	216	167,788
Customer transactions	221	10	166	615	30	1,042
Bonds and other fixed-income securities	5,249	5,297	21,665	6,397	0	38,608
TOTAL SOURCES OF FUNDS	**66,529**	**40,499**	**59,034**	**32,876**	**8,152**	**207,090**
Amounts due to credit institutions	40,473	30,697	42,122	20,909		134,201
Customer transactions	830	1,295	3,161	0		5,286
Debt securities	24,860	7,999	11,211	7,333		51,403
Subordinated debt	366	508	2,540	4,634	8,152	16,200

Note 4 Information on off-balance sheet items and similar transactions

4.1 COMMITMENTS GIVEN AND RECEIVED

4.1.1 Financing commitments

in millions of euros	12/31/2009	12/31/2008
Financing commitments given		
To banks	12,332	
To customers	82	0
• Documentary credits	0	
• Other confirmed lines of credit	80	
• Other commitments	2	
TOTAL FINANCING COMMITMENTS GIVEN	**12,414**	**0**
Financing commitments received		
• From banks	34,798	
• From customers	0	
TOTAL FINANCING COMMITMENTS RECEIVED	**34,798**	**0**

4.1.2 Guarantees

in millions of euros	12/31/2009	12/31/2008
Guarantees given		
To banks	34,627	0
• other bonds and endorsements	10,718	
• other guarantees	23,909	
To customers	8,882	0
• other bonds and endorsements	0	
• other guarantees given	8,882	
TOTAL GUARANTEES GIVEN	**43,509**	**0**
Guarantees received from credit institutions	1,756	
TOTAL GUARANTEES RECEIVED	**1,756**	**0**

4.1.3 Other commitments not recognized on the off-balance sheet

	12/31/2009		12/31/2008	
in millions of euros	Commitments given	Commitments received	Commitments given	Commitments received
Other securities pledged as collateral provided to credit institutions	31,261	10,445		
Other securities pledged as collateral received from customers	6,147	0		
TOTAL	**37,408**	**10,445**	**0**	**0**

As of December 31, 2009, receivables allocated as collateral under refinancing arrangements mainly included the following:

- €26,963 million in receivables assigned to Banque de France in connection with the TRICP system;
- €6,147 million in receivables pledged to SFEF;
- €4,178 million in receivables provided as a guarantee for financing obtained from the European Investment Bank (EIB).

No other significant commitment was given to guarantee transactions entered into by BPCE or on behalf of third parties.

4.2 COMMITMENTS ON FUTURES AND OPTIONS CONTRACTS

4.2.1 Commitments on futures and options contracts

	12/31/2009				12/31/2008			
in millions of euros	Hedging transactions	Other transactions	Total	Fair value	Hedging transactions	Other transactions	Total	Fair value
Futures								
Transactions on organized markets	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***
• Interest rate contracts			0				0	
• Foreign exchange contracts			0				0	
• Other futures contracts			0				0	
Over-the-counter transactions	***106,667***	***30,504***	***137,171***	***2,095***	***0***	***0***	***0***	***0***
• Forward rate agreements			0				0	
• Interest rate swaps	79,052	30,504	109,556	1,817			0	
• Foreign exchange swaps	22,730		22,730	229			0	
• Currency swaps	4,853		4,853	49			0	
• Other foreign exchange contracts	32		32	0			0	
• Other forward and futures contracts	0		0				0	
TOTAL FIRM CONTRACTS	**106,667**	**30,504**	**137,171**	**2,095**	**0**	**0**	**0**	**0**
Options								
Transactions on organized markets	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***
• Interest rate options			0				0	
• Foreign exchange options			0				0	
• Other options			0				0	
Over-the-counter transactions	***820***	***20,228***	***21,048***	***(548)***	***0***	***0***	***0***	***0***
• Interest rate options	820		820	(12)			0	
• Foreign exchange options			0				0	
• Other options		20,228	20,228	(536)			0	
TOTAL OPTIONS	**820**	**20,228**	**21,048**	**(548)**	**0**	**0**	**0**	**0**
TOTAL FORWARD AND FUTURES CONTRACTS	**107,487**	**50,732**	**158,219**	**1,547**	**0**	**0**	**0**	**0**

The notional amounts of contracts listed in this table are solely intended to provide an indication of the volume of BPCE'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 foreign exchange instruments traded over the counter mainly consist of currency swaps.

4.2.2 Breakdown of over-the-counter interest rate financial instruments by type of portfolio

in millions of euros	12/31/2009					12/31/2008				
	Specific hedging	Macro-hedging	Isolated open positions	Specialized management	Total	Specific hedging	Macro-hedging	Isolated open positions	Specialized management	Total
Futures	**36,136**	**47,769**	**30,504**	**0**	**114,409**	**0**	**0**	**0**	**0**	**0**
Forward rate agreements					0					0
Interest rate swaps	31,283	47,769	30,504		109,556					0
Currency swaps	4,853				4,853					0
Other forward and futures contracts					0					0
Options	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Interest rate options					0					0
TOTAL	**36,136**	**47,769**	**30,504**	**0**	**114,409**	**0**	**0**	**0**	**0**	**0**

No transactions were transferred to another portfolio during the period.

4.2.3 Commitments on forward financial instruments by maturity

in millions of euros	Less than 1 year	1 to 5 years	Beyond 5 years	12/31/2009
Futures	**59,633**	**30,709**	**46,829**	**137,171**
• Transactions on organized markets				0
• Over-the-counter transactions	59,633	30,709	46,829	137,171
Options	**411**	**194**	**20,443**	**21,048**
• Transactions on organized markets				0
• Over-the-counter transactions	411	194	20,443	21,048
TOTAL	**60,044**	**30,903**	**67,272**	**158,219**

4.3 BREAKDOWN OF ASSETS AND LIABILITIES BY CURRENCY

in millions of euros	12/31/2009		12/31/2008	
	Assets	Liabilities	Assets	Liabilities
Euro	223,423	223,423		
Dollar	15,085	15,085		
Pound sterling	2,246	2,246		
Yen	1,135	1,135		
Other	957	957		
TOTAL	**242,846**	**242,846**	**0**	**0**

4.4 FOREIGN CURRENCY TRANSACTIONS

in millions of euros	12/31/2009	12/31/2008
Spot foreign exchange transactions		
Currencies receivable not received	12	
Currencies deliverable not delivered	12	
TOTAL	**24**	**0**

Note 5 Information on the income statement

5.1 INTEREST AND SIMILAR INCOME AND EXPENSE

	2009			2008		
in millions of euros	Income	Expense	Net amount	Income	Expense	Net amount
Transactions with credit institutions	4,273	(3,377)	896			0
Customer transactions	52	(119)	(67)			0
Bonds and other fixed-income securities	1,571	(1,670)	(99)			0
Subordinated debt		(928)	(928)			0
Macro-hedging transactions	871	(847)	24			0
TOTAL	**6,767**	**(6,941)**	**(174)**	**0**	**0**	**0**

5.2 INCOME FROM VARIABLE-INCOME SECURITIES

in millions of euros	2009	2008
Equities and other variable-income securities	0	
Equity interests and other long-term investments	371	
Investments in associates	48	
TOTAL	**419**	**0**

5.3 COMMISSIONS

in millions of euros	2009 Income	2009 Expense	2009 Net amount	2008 Income	2008 Expense	2008 Net amount
Cash and interbank transactions	1	(6)	(5)			0
Customer transactions	10	(5)	5			0
Securities transactions	6	(3)	3			0
Payment processing	54	(6)	48			0
Off-balance sheet commitments	9	0	9			0
Financial services	1	(1)	0			0
Other commission fee income/(expense) [(1)]	0	(58)	(58)			0
TOTAL	**81**	**(79)**	**2**	**0**	**0**	**0**

(1) Commissions and fees were linked to bond issues made by BPCE and the spreading of commissions in an amount of €55 million.

5.4 NET GAIN OR LOSS ON TRADING PORTFOLIO TRANSACTIONS

in millions of euros	2009	2008
Trading securities	0	
Foreign exchange gains	4	
Futures contracts	17	
TOTAL	**21**	**0**

5.5 NET GAIN OR LOSS ON HELD-FOR-SALE PORTFOLIO TRANSACTIONS

in millions of euros	2009 Held-for-sale securities	2009 Total	2008 Held-for-sale securities	2008 Total
Impairment charges	0	0		0
• Additions	0	0		0
• Reversals[(1)]	954	954		0
Net gain/(loss) on disposal[(1)]	(949)	(949)		0
Other items	0	0		0
TOTAL	**5**	**5**	**0**	**0**

(1) Reversals of impairment and proceeds from disposals of available-for-sale securities stemmed primarily from the sale of CIFG securities.

5.6 OTHER OPERATING INCOME AND EXPENSE

	2009			2008		
in millions of euros	Income	Expense	Total	Income	Expense	Total
Share in joint operations	0	0	0			0
Rebilling of banking income and expenses	0	0	0			0
Electronic payment terminal business	10	(3)	7			
Amortization and rebilling of issue expenses	55	0	55			
Real estate business	0	0	0			0
IT services	0	0	0			0
Other activities	1	(3)	(2)			0
Other related income and expenses			0			0
TOTAL	**66**	**(6)**	**60**	**0**	**0**	**0**

5.7 GENERAL OPERATING EXPENSES

in millions of euros	2009	2008
Personnel costs		
Wages and salaries	(146)	
Pension costs and similar obligations(1)	(34)	
Other social security charges	(56)	
Employee incentive scheme	(8)	
Employee profit-sharing scheme	0	
Payroll taxes	(19)	
TOTAL PERSONNEL COSTS	**(263)**	**0**
Other operating expenses		
Taxes other than on income	(12)	
Other general operating expenses	(420)	
Rebilled expenses	507	
TOTAL OTHER OPERATING EXPENSES	**75**	**0**
TOTAL	**(188)**	**0**

(1) Including additions, utilizations and reversals of provisions for employee benefit obligations (seen note 3.9.3).

The average workforce during the year, broken down by professional categories, is as follows: 1,320 managerial staff and 261 non-managerial staff, representing a total of 1,581 persons.

The amount recognized in 2009 in respect of contributions to pension schemes for members of executive and supervisory bodies was €3 million.

Total remuneration paid to members of executive bodies amounted to 5 million in the 2009 fiscal year.

5.8 COST OF RISK

in millions of euros	2009 Additions	2009 Net reversals	2009 Write-offs not provided for	2009 Recoveries of receivables written off	2009 Total	2008 Additions	2008 Net reversals	2008 Write-offs not provided for	2008 Recoveries of receivables written off	2008 Total
Impairment of assets										
Credit institutions	(2)				(2)					0
Customers	(1)				(1)					0
Securities portfolio and other receivables					0					0
Provisions										
Off-balance sheet commitments(1)	(230)			70	(160)					0
Provisions for customer risks					0					0
Other					0					0
TOTAL	**(233)**	**0**	**0**	**70**	**(163)**	**0**	**0**	**0**	**0**	**0**

(1) *Movements in provisions for off-balance sheet items primarily comprised a €229 charge to the provision recognized for the guarantee for the assets of the Natixis workout portfolio and the recovery of amounts written off for €72 million.*

5.9 GAINS OR LOSSES ON FIXED ASSETS

in millions of euros	2009 Equity investments and other long-term investments	2009 Held- to-maturity securities	2009 Property, plant and equipment and intangible assets	2009 Total	2008 Equity investments and other long-term investments	2008 Held- to-maturity securities	2008 Property, plant and equipment and intangible assets	2008 Total
Impairment								0
• Additions(1)	(816)			(816)				0
• Reversals(1)	1,905			1,905				0
Gain/(loss) on disposal	(24)	0	0	(24)				0
TOTAL	**1,065**	**0**	**0**	**1,065**	**0**	**0**	**0**	**0**

(1) *Gains or losses on equity interests, investments in affiliates and other long-term investments include specifically:*
- provisions for impairment in equity interests:
- €282 million relating to Société Marseillaise de Crédit;
- €524 million relating to Financière Océor;
- reversals for impairment in equity interests: €1,878 million relating to Natixis.

5.10 EXCEPTIONAL ITEMS

No exceptional items were recorded in the 2009 fiscal year.

5.11 INCOME TAXES

5.11.1 Breakdown of income taxes in 2009

BPCE is the head of a tax consolidation group which chiefly comprises Société Marseillaise de Crédit, Banque Populaire Covered Bonds and GCE Covered Bonds.

Corporate tax, which is broken down between tax on current income and tax on exceptional income, was comprised as follows:

in millions of euros				
Taxable bases at the following rates	**33.33%**	**15.00%**	**0.00%**	**Total**
Tax on current income	(1,042)			
Tax on exceptional income				
Tax on tax consolidated subsidiaries	31			
	(1,011)	**0**	**0**	
Utilization of tax loss carryforwards				
Taxable bases				
Applicable tax				
+ Impact of share of expenses and charges on taxable sector at 0%				
+ contributions 3.3%				
- deductions in respect of tax credits				
Applicable corporate tax				
Impact of tax consolidation				11
Provisions for the return to profitability of subsidiaries				0
Provisions for taxes				0
Corporate tax on expenses charged against reserves				(40)
Other corporate tax income/(expenses)				1
TOTAL				**(28)**

5.11.2 Reconciliation from accounting to taxable income

in millions of euros	2009
Net accounting income	**3**
Corporate tax	**28**
Add-backs	**2,061**
Impairment of fixed assets	
Other impairment and provisions	1,034
Transfer to fund for general banking risks	1,000
Long-term capital gains under exemptions	24
Other items	3
Deductions	**3,134**
Long-term capital losses under exemptions	441
Reversal of impairment and depreciation	2,492
Dividends	54
Amortization of acquisition costs	19
Formation expenses	116
Other items	12
Tax basis at normal rate	**(1,042)**

5.12 BREAKDOWN IN ACTIVITY

in millions of euros	Total activity 2009	Total activity 2008	o/w Commercial Banking 2009	o/w Commercial Banking 2008
Net banking income	**333**			
Operating expenses	(203)			
Gross operating income	**130**	**0**	**0**	**0**
Cost of risk	(163)			
Operating income	**(33)**	**0**	**0**	**0**
Gains or losses on fixed assets	1,065			
Current income before tax	**1,032**	**0**	**0**	**0**

Note 6 Other information

6.1 CONSOLIDATION

In accordance with Article 1 of CRC Regulation 99-07, BPCE prepares its financial statements under international accounting standards.

Individual company accounts are incorporated into the consolidated financial statements of Groupe BPCE.

6.2 STATUTORY AUDITORS' FEES

	PricewaterhouseCoopers Audit				MAZARS				KPMG			
	2009		2008		2009		2008		2009		2008	
in millions of euros	Amount (incl. tax)	%	Amount (incl. tax)	%	Amount (incl. tax)	%	Amount (incl. tax)	%	Amount (incl. tax)	%	Amount (incl. tax)	%
Audit												
Statutory audit, review of parent company and consolidated financial statements	0.3	50%			0.3	60%			0.3	43%		
Other audit procedures and incidental assignments in relation to the statutory audit engagement	0.2	50%			0.2	40%			0.3	57%		
TOTAL	**0.5**	**100%**			**0.5**	**100%**			**0.6**	**100%**		

These amounts do not include fees relating to the creation of BPCE, which were deducted from the issue premium.

6.3 OPERATIONS IN UNCOOPERATIVE COUNTRIES

The provisions of Article L. 511-45 of the French Monetary and Financial Code *(Code monétaire et financier)* and the decree of October 6, 2009, issued by the French Economy Minister require credit institutions to publish, in an appendix to their annual financial statements, information on their locations and activities in countries and territories that have not entered into an administrative assistance agreement with France for the exchange of information in connection with the fight against tax fraud and tax evasion.

These obligations fit within the wider objectives of the worldwide fight against uncooperative havens, which were defined at OECD meetings and summits, and are also designed to combat money laundering and financing of terrorism. Since its foundation, the Groupe BPCE has adopted a prudent approach. It ensures that entities belonging to its networks are regularly informed about updates to the OECD list of territories that are considered as non-cooperative as regards the effective exchange of information for tax purposes as well as about the potential consequences of maintaining operations in uncooperative territories.

In addition, lists of uncooperative territories have been integrated, in part, into enterprise resource planning solutions used in the fight against money laundering with the objective of ensuring appropriate due diligence for transactions with uncooperative countries and territories (implementation of Decree 2009-874 of July 16, 2009). At the level of the central body, an inventory of the Group's locations and activities in uncooperative territories has been drawn up for the information of executive bodies.

As of December 31, 2009, through its subsidiary Natixis, BPCE held an indirect equity interest in Coface Servicios Costa Rica SA, a company which markets its services in Costa Rica. This company generated revenue of USD 400,000 in 2009.

5.3.4 BPCE Management report

SIGNIFICANT EVENTS OF 2009

The first half of 2009 saw work continue on the combination initiated in October 2008 by the Groupe Caisse d'Epargne and the Groupe Banque Populaire. François Pérol was appointed Chief Executive Officer of the Banque Fédérale des Banques Populaires (BFBP) and Executive Chairman of the Caisse Nationale des Caisses d'Epargne (CNCE). He led the process, bringing it to fruition according to an ambitious timetable.

The various steps necessary to give birth to France's second-largest banking group were taken, leading up to the contributions made by BFBP and CNCE to GCE NAO – a simplified joint stock company (SAS) which was subsequently transformed into a joint stock company (SA) with a management board and supervisory board, named CEBP and then BPCE – of the activities and principal assets of their central bodies. These contributions were approved by the extraordinary shareholders' meetings of BFBP, CNCE and BPCE on July 31, 2009.

Since August 3, 2009, the capital stock of BPCE has been equally held by the 20 Banque Populaire banks and the 17 Caisses d'Epargne. The new group also received capital from the French state:

- €4.05 billion in deeply subordinated notes issued by BFBP and CNCE between the fourth quarter of 2008 and the second quarter of 2009 and contributed to BPCE (including €750 million in notes which were redeemed during the fourth quarter of 2009);
- €3 billion in non-voting preference shares issued by BPCE on July 31, 2009.

PRESENTATION OF THE FINANCIAL STATEMENTS

The financial statements for the prior year were drawn up in accordance with the French General Chart of Accounts. The 2008 financial statements correspond to the GCE NAO SAS entity, a non-trading support structure, which was transformed into a *société anonyme* (joint stock corporation) on April 6, 2009 and renamed BPCE as from the July 9, 2009 Shareholders' Meeting. Insofar as BPCE operates as a credit institution, the summary financial statements and accounting methods were adapted to comply with the regulatory provisions governing credit institutions.

Changes in the BPCE balance sheet

		12/31/2008	Change 2008/2009	
in billions of euros	12/31/2009	Pro forma *	*(in €b)*	*(%)*
Amounts due from banks	172.6	152.5	+20.1	+13%
Amounts due from customers	1.0	1.2	-0.2	-8%
Securities transactions	39.5	54.1	-14.6	-27%
Affiliates, equity interests and long-term investments	24.8	16.8	+8.0	+48%
Other assets	4.9	5.4	-0.5	-9%
TOTAL ASSETS	**242.8**	**230.0**	**12.9**	**6%**
Amounts due to banks	134.2	126.2	+8.0	+6%
Securities and subordinated debt	67.6	70.0	-2.4	-3%
Other liabilities	21.4	18.5	+2.9	+16%
Shareholders' equity (including FGBR)	19.7	15.3	+4.4	+28%
TOTAL LIABILITIES	**242.8**	**230.0**	**12.9**	**6%**

* *Financial information for 2008 is unaudited and was prepared on a pro forma basis. It provided for illustrative purposes only, as if the partial asset contributions made by the BFBP and CNCE to GCE NAO had occurred on January 1, 2008.*

As of December 31, 2009, total assets amounted to €242.8 billion, a year-on-year increase of 6%.

With regard to assets, the €20.1 billion increase in amounts due from banks is essentially attributable to the €25.2 billion increase in term loans with the individual Caisses d'Epargne and subsidiaries as well as the €6.9 billion reduction in Banque de France deposits. In addition, there was a decrease in securities transactions of €14.6 billion, which was chiefly attributable to the decline in outstanding Natixis certificates of deposit.

The €8.0 billion increase in investments in affiliates essentially corresponded to net reversals to provisions for impairment on equity interests, in an amount of €1 billion, the acquisition of Holassure/CNP securities (€1.8 billion) and the subscription of €3 billion in perpetual deeply subordinated notes.

With regard to liabilities, amounts due to banks increased by €8.0 billion, chiefly due to the increase in outstanding term loans. In 2009, subordinated debt and securities declined by close to €2.5 billion, reflecting the reduction in long-term refinancing (bonds) which was partially offset by new issues of perpetual deeply subordinated bonds by BPCE.The year was also marked by an increase in shareholders' equity arising from the issuance by BPCE of €3 billion in preference shares which were subscribed by the SPPE as well as from the charge to the fund for general banking risks in an amount of €1 billion.

BPCE income statement

in millions of euros	2009
Net banking income	333
Net operating expenses	(203)
Gross operating income	**130**
Cost of risk	(163)
Net gains on fixed assets	1,065
Ordinary income before tax	**1,032**
Income tax	(28)
Charges/reversals to fund for general banking risks and regulated provisions	(1,001)
Net income	**3**

Net income for 2009 amounted to €3 million. Net income was impacted notably by charges to and reversals in impairment allowances for equity interests and a €1 billion transfer to the fund for general banking risks.

Net banking income

in millions of euros	2009
Holding company activities and income	(8)
Group banking activities	271
Net banking income: banking services lines	65
Other income	5
Net banking income	**333**

BPCE posted net banking income of €333 million in 2009. 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 2009 came in at €99 million. The cost of refinancing equity interests stood at €95 million, reflecting changes in the value of equity interests and in interest rates.

Net banking income from financial management activities, including Group banking activities, amounted to €271 million in 2009. This amount included a €136 million contribution by cash management activities, which benefited from favorable market conditions, together with €25 million generated by guarantee activities.

The guarantee provided by BPCE in the second half of 2009 and relating to the Natixis workout portfolio (GAPC) had a €111 million negative impact on net banking income.

Net banking income generated by banking services lines amounted to €65 million in 2009, reflecting the combination of two contrasting trends: a reduction in net banking income from transactions, due to customer attrition, and the stability in electronic payment systems activities.

Operating expenses

in millions of euros	2009
Personnel costs	(236)
Other expenses, including:	(405)
Premises	*(53)*
GCE Paiements	*(57)*
Other	*(295)*
Gross operating expenses (excl. strategic projects)	**(640)**
Merger expenses and strategic projects	(20)
Gross operating expenses (incl. strategic projects)	**(661)**
Rebilled expenses	**458**
Net operating expenses	**(203)**

Operating expenses excluding merger expenses and strategic projects amounted to €640 million, while personnel costs accounted for 37% of this total. Expenses linked to mergers and strategic projects amounted to €20 million.

After deduction of total rebilled expenses in an amount of €458 million, including contributes paid by affiliates, net operating expenses amounted to €203 million. Against the backdrop of the ongoing merger project, tight cost control enabled BPCE to make headway on the cost savings targets set for 2012.

Cost of risk

In 2009, the cost of risk amounted to €163 million and corresponded mainly to the increase in counterparty risk on certain securities associated with the financial guarantee for the Natixis workout portfolio (€159 million).

The net impact on income of the financial guarantee for the workout portfolio amounted to a negative €48 million.

Net gains on fixed assets

After testing its main equity interests for impairment, BPCE recorded a net reversal of impairment allowances for equity investments in an amount of €1,072 million. This amount was the main component in the "Net gains on fixed assets" item.

Income taxes

In 2009, income taxes included a €40 million charge linked to merger expenses allocated to the issue premium which was partially offset by a €10 million gain in respect of the tax consolidation group.

Non tax deductible expenses

No non tax deductible expenses were incurred during the fiscal year.

Fund for General Banking Risks (FGBR) and net income

After taking into account the €1 billion accrual to the FGBR, net income amounted to €3 million.

Proposed appropriation of net income

At the Annual Shareholders' Meeting, after noting the existence of income of €2,684,433.11 and retroactive losses of €360,693,450.35, shareholders will be asked to approve the appropriation of income as follows:

- approve, in accordance with applicable accounting rules, the charging of the retroactive losses against the issue premium for retroactive losses, as recognized by the Shareholders' Meeting of July 31, 2009, arising from the partial asset contributions made by Banques Populaires Participations (formerly named Banque Fédérale des Banques Populaires) and Caisses d'Epargne Participations (formerly named Caisse Nationale des Caisses d'Epargne) to BPCE, in an amount of €3,717,571,801.15;
- approve the appropriation of these sums, in an aggregate amount of €363,377,883.46, as follows:
  - 5% of the book profit for the period ended December 31, 2009 to be transferred to the legal reserve, in an amount of €134,221.66;
  - a dividend of €105,379,087.07 to the 6,433,653 C category shares making up the capital stock at the date of the Shareholders' Meeting, representing a dividend of €16.379 per share,
  - a dividend of €259,934.88 to the 25,993,488 A and B category shares making up the capital stock at the date of the Shareholders' Meeting, representing a dividend of €0.01 per share,
  - the balance of €257,604,639.85 to be carried forward as retained earnings.

The dividend will be made payable on the date of the Annual Shareholders' Meeting.

Pursuant the provisions of Article 253 of the French General Tax Code *(Code Général des Impôts)*, dividends paid since the incorporation of the company were as follows:

Year ended	Dividend	Amount of the dividend eligible for the 40% tax relief	Amount of the dividend ineligible for the 40% tax relief
December 31, 2007	Nil	Nil	Nil
December 31, 2008	Nil	Nil	Nil

Information on subsidiaries and equity investments

ACTIVITY AND RESULTS OF THE MAIN SUBSIDIARIES

The activity and results of the main subsidiaries are described in Chapters 1 and 4 (Presentation of the Groupe BPCE and Group Management Report) of the Registration Document.

INVESTMENTS AND CONTROLLING INTERESTS

No investment led the company to acquire, during the period under review, a holding in a company whose registered office is in the territory of the French Republic, representing over one-twentieth, one-tenth, one-fifth, one-third or half of the capital of this company, or to obtain control of such a company during the period under review, with the exception of the partial asset contributions made by the BFBP and CNCE to BPCE and with the exception of the acquisition of the entire share capital of Holassure for a consideration of €1,768 million.

Employee participation in the share capital

Information concerning employee participation in the share capital is provided in Chapters 5 and 7 of the Registration Document.

Information concerning company officers

LIST OF DIRECTORSHIPS AND OFFICES

Information concerning employee participation in the share capital is provided in Chapter 2 "Corporate governance" of the Registration Document.

COMPENSATION AND BENEFITS

Information concerning compensation and benefits paid by BPCE to company officers is provided in Chapter 2 "Corporate governance" of the Registration Document.

Information regarding the ownership of share capital

Information concerning the ownership of the share capital is provided in Chapter 7 "Information relating to the issuer" of the Registration Document.

Trading by BPCE in its own shares

BPCE did not purchase or sell any of its own shares during the period under review.

Disposals of shares

No significant disposal of shares was effected in 2009, with the exception of the sale of 7,857 shares in *Société de gestion de fonds de garantie de l'accession sociale à la propriété* (SA) in an amount of €140,000.

Research and development activities

BPCE did not conduct any research and development activities during the period.

Management of financial risks

Information concerning BPCE's risk management policy for financial risks is provided in Chapter 3 "Risk management" of the Registration Document.

Main risks

Information relating to the main risks and uncertainties facing BPCE is provided in Chapter 3 "Risk management" of the Registration Document.

RECENT DEVELOPMENTS AND OUTLOOK

Although prospects for economic growth remained muted at the beginning of 2010, the Group has set ambitious objectives for its "Together" strategic plan, which will rally all of the Group's employees and entities.

Groupe BPCE's 2010-2013 strategic plan: "Together"

The Group's strategic plan is built upon two central planks:

- growth to be focused on core commercial banking and insurance activities as well as on the Corporate and Investment Banking, and Investment Solutions and Specialized Financial Services, which contribute directly to the Group's mission of facilitating savings deposits and providing financing solutions;
- an industrial project which seeks to leverage the opportunities arising from the combination between the Banque Populaire banks and the Caisses d'Epargne within BPCE; BPCE's entities are mobilized to take full advantage of the creation of the new group and its potential synergies, by pursuing a sustainable approach in the service of the Group's customers, cooperative shareholders and regional markets.

The strategic plan will restore the Group's profitability, thereby enabling it to reinforce its capital adequacy and pursue growth projects, while reimbursing in full the equity capital provided by the French state, over the life of the strategic plan. The initial objective set for the plan will focus reimbursing the French state's preference shares starting in 2010.

Simplification of the Group's structure

The Groupe BPCE intends to mark a new milestone in its development, by simplifying its organizational structure as from the end of July 2010. The findings of the strategic review completed in connection with the Group-wide project and of the external audit of the Group's structured credit assets carried out in 2009, enable the shareholders of the Caisses d'Epargne and the Banque Populaire banks to proceed with the merger of their holding companies with BPCE.

The subsidiaries currently held by the BP Participations and CE Participations holding companies will be integrated into BPCE. The merger will be a merger by absorption and will be implemented towards the end of July 2010.

It will not entail any change to the ownership of Nexity as Caisses d'Epargne will retain its 41% equity interest in the unit.

Roll out of a new organizational structure, as articulated by the strategic plan

During 2010, the organization of the governance bodies of BPCE's central institution will be realigned in accordance with the objectives set by the strategic plan:

- oversight for the Commercial Banking and Insurance division will be assigned to a single member of the Management Board; the Business Development departments of the Banque Populaire banks and the Caisses d'Epargne will remain separate as dictated by the principle of supporting business development by maintaining a competitive balance between the two networks in all customer segments;
- responsibility for coordinating the reorganization of the central institution will be assigned to a member of the Management Board who also serves as Chief Executive Officer - Operations;
- the Chief Executive Officer of Crédit Foncier de France and the Chief Executive of Financière Océor will be co-opted to the Executive committee.

Results since the creation of BPCE

(€)	2007	2008	2009
Share capital at period-end			
Share capital	37,000	37,000	486,407,115
Number of shares issued [2]	37,000	37,000	32,427,141
Operations and income for the year			
Revenue	434	1,213	4,780,228,184
Income before tax, employee profit-sharing, depreciation, amortization, and impairment	(7,531)	(1,420)	(851,298,800)
Income tax	0	0	(28,455,386)
Income after tax, employee profit-sharing, depreciation, amortization, and impairment	(7,531)	(1,420)	2,684,433
Dividend paid to shareholders[1][3]	0	0	105,639,022
Earnings per share			
Revenue	0	0	147
Income after tax and employee profit-sharing, but before depreciation, amortization, and impairment	(0.20)	(0.04)	(27.13)
Income tax	0.00	0.00	(0.88)
Income after tax, employee profit-sharing, depreciation, amortization, and impairment	(0.20)	(0.04)	0.08
Dividend per share[1]	0.00	0.00	3.26
Employee data			
Average number of employees	0	0	1,581
o/w managerial staff	0	0	1,320
o/w non-managerial staff	0	0	261
Total wage bill for the year	0	0	127,511,426
Amounts paid for employee benefits during the period	0	0	85,559,495

(1) Subject to approval by the Shareholders' Meeting.
(2) Earnings per share are calculated based on the number of shares in issue on the date of the Shareholders' Meeting.
(3) For 2009, this amount corresponds to the income for the period increased by a retroactive loss.

Authorizations granted to the Management Board

Nature and purpose of the authorization	Amount in euros	Period	Date of the Annual Shareholders' Meeting	Use
Authorization to execute one or more share capital increases in cash reserved for employees participating in a Company Savings Plan	Amount of the authorization limited to 3% of the amount of the share capital on the date of the decision by the Management Board.	5 years	07/31/2009	None to date

Payment terms to suppliers

Pursuant to Article L. 441-6-1 of the French Commercial Code *(Code de commerce)*, all French companies for which annual financial statements are certified by Statutory Auditors to publish in their management report the balance of payables due to suppliers by due date, in accordance with the provisions of decree 2008-1492, Article D. 441-4.

in millions of euros	Total	Due	Within 30 days	Within 60 days	Invoices to be received
Trade payables	126	9	1	–	116

5.3.5 Statutory Auditors' report on the annual financial statements

Year ended December 31, 2009

To the shareholders,

BPCE
50, avenue Pierre-Mendès-France
75013 Paris

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you, for the year ended December 31, 2009, on:

- the audit of the accompanying annual financial statements of BPCE S.A.;
- the justification of our assessments;
- the specific verifications and disclosures required by French law.

The annual 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 annual 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 annual financial statements are free of material misstatement. An audit includes examining, by audit sampling or other selective testing methods, the evidence supporting the amounts and disclosures presented in the annual financial statements. An audit also involves assessing the accounting principles used, the significant estimates made by Management and the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the annual financial statements give a true and fair view of the financial position and the assets and liabilities of the company and the results of its operations for the year then ended in accordance with accounting principles generally accepted in France.

II - Justification of our assessments

The accounting estimates used to prepare the financial statements for the year ended December 31, 2009 were made in the context of a financial and economic crisis which has persisted since 2008. Therefore we bring the following items to your attention, in accordance with the provisions of Article L. 823.9 of the French Commercial Code *(Code de commerce)* concerning the justification of our assessments:

Valuation of equity interests and investments in affiliates

Equity interests and investments in affiliates are measured at their value in use, according to a multi-criteria approach as described in note 2.2.3 of the notes to the annual financial statements. As part of our assessment of these estimates, we examined the underlying data and specific approaches used to calculate value in use for the main portfolio items.

Implementation of a guarantee mechanism for the assets of the workout portfolio (GAPC)

As described, notably, in note 1.3.2 of the notes to the annual financial statements, a guarantee mechanism was set up during the 2009 fiscal year to cover part of the assets placed in the Natixis workout portfolio. We examined the conditions for the implementation of the guarantee mechanism and the associated accounting treatments.

These assessments were made as part of our audit of the annual financial statements taken as a whole, and therefore, contributed to our audit opinion expressed in the first part of this report.

III - Specific verifications and information

We also conducted the specific verifications required by French law, in accordance with professional standards applicable in France.

We have no matters to report as to the fair presentation and consistency with the annual financial statements of the information given in the Management Board's report, and in the documents addressed to shareholders, with respect to the company's financial position and the annual financial statements;

With respect to the information provided in application of the provisions of Article L. 225-102-1 of the French Commercial Code *(Code de commerce)* relating to remunerations and benefits granted to directors and any other commitments in their favor, we have verified its consistency with the financial statements or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from entities controlling your company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

As required by law, we verified that the management report contains the appropriate disclosures concerning the acquisition of participating and controlling interests.

Paris-La Défense and Neuilly-sur-Seine, April 30, 2010

The Statutory Auditors

KPMG Audit	PricewaterhouseCoopers Audit	Mazars
A division of KPMG S.A. 1, cours Valmy 92923 Paris-La Défense Cedex	63, rue de Villiers 92208 Neuilly-sur-Seine Cedex	61, rue Henri-Regnault 92075 Paris La Défense Cedex
Fabrice Odent Marie-Christine Jolys	Anik Chaumartin Agnès Hussherr	Michel Barbet-Massin Charles de Boisriou

6

SOCIAL AND ENVIRONMENTAL INFORMATION

6.1 The Group's commitment

Groupe BPCE plays a leading role in France's regional and national economy through its Banque Populaire and Caisse d'Epargne networks and its subsidiaries. By focusing on its values and core businesses, it has acquired extensive grass-roots expertise in the social economy and in financing sustainable development. These skills help create long-term wealth for its cooperative shareholders, customers and communities. The Groupe BPCE's sustainable development policy aims to set an example in terms of managing the Group's direct impact and responsible banking. The Group has a network of around 50 sustainable development correspondents within its various entities, who are in charge of implementing this policy at the local level.

The Groupe BPCE's banks are signatories to the United Nations Global Compact and are Friends of the Global Compact. Signatories to the Global Compact undertake to comply with ten principles.

The Global Compact's ten principles

HUMAN RIGHTS

1 – Businesses should support and respect the protection of internationally proclaimed human rights; and

2 – Make sure that they are not complicit in human rights abuses

LABOUR STANDARDS

3 – Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining

4 – The elimination of all forms of forced and compulsory labor

5 – The effective abolition of child labor; and

6 – The elimination of discrimination in respect of employment and occupation

ENVIRONMENT

7 – Businesses should support a precautionary approach to environmental challenges

8 – Undertake initiatives to promote greater environmental responsibility; and

9 – Encourage the development and diffusion of environmentally friendly technologies

ANTI-CORRUPTION

10 – Businesses should work against corruption in all its forms, including extortion and bribery

BPCE's membership of ORSE (corporate social responsibility monitoring body), CSR Europe, Finansol[1] and Avise[2] enables it to take part in discussions and share experiences regarding corporate social responsibility.

(1) The Finansol label for socially responsible investments was introduced in 1997.

(2) Avise helps develop initiatives to create jobs and increase social cohesion.

6.1.1 Maintaining environmental balance

A/ PROMOTING GREEN AND RESPONSIBLE GROWTH

Groupe BPCE is a pioneering provider of sustainable development financing solutions. It was 20 years ago that the Banque Populaire banks launched *PREVair*, the first ever loan for environmentally friendly investments, and they are continuing to expand the range. *CODEVair* was the first environmental savings account. It is Finansol-accredited, and was launched in 1999 across six Banque Populaire banks. The range now includes *AUTOVair* (loans for low-emission vehicles) and PROVair business loans, which are available from several Group entities. Since 2004, the Group has also been working in partnership with regional governments to distribute 0%-interest loans for environmentally friendly equipment such as insulation and solar water heaters. Crédit Coopératif supports this initiative by marketing the CODEVair savings accounts, which support NGOs. These are tailored savings accounts based on socially responsible investment principles, with a share of profits going to the *Fondation Nicolas Hulot pour la Nature et l'Homme*. It also offers eco-loans including mortgages and home renovation loans. The Group is continuing to promote environmental innovation, *via* the A2DI[1] fund and its collaboration with *Réseau Entreprendre*, which is making a film about companies achieving success through their environmental commitment. The Caisses d'Epargne were the first to offer the *Livret A* account. Most deposits placed in these popular government-regulated accounts are used to finance social housing, *via* the *Caisse des Dépôts*. The Caisses d'Epargne also offer the *Livret A Kipouss* account for young savers, launched in December 2007 as part of their *Bénéfices Futur* sustainable development programme. In 2009, every time a *Livret A* savings account was opened for a child before its first birthday, Caisse d'Epargne donated €1 to WWF France for the protection of the Mediterranean forest. 103,699 *Livret A Kipouss* accounts were opened in 2009. As a result, €103,699 was paid to WWF France. At the same time, deposits in *Livret A* and sustainable-development accounts that are not centralized by the *Caisse des Dépôts* remain on banks' balance sheets, and are used to support sustainable development by being lent to SMEs and by financing energy-efficiency renovation work. In 2009, new SME and energy-efficiency loans exceeded new sustainable-development deposits collected by the Caisses d'Epargne and totaled more than €16 billion. The *Ecureuil Crédit DD* loan, launched in 2007 with WWF France and in partnership with ADEME[2] as part of the *Planète Gagnante* operation, is intended to finance this kind of work. In 2009, €135 million was lent to finance energy-efficiency work, up from €106 million in 2008. *Ecureuil Crédit DD* loans are also used to finance clean and low-emission vehicles. €111.5 million of these loans were granted in 2009, up from €50 million in 2008. These loans account for 5.16% of total standard consumer lending (excluding revolving loans). The Group has also signed national and regional agreements with specialist partners such as EDF ENR, Solaire Direct and Clipsol, under which it offers customers financing and support for installing clean and renewable energy facilities. More than 610 loans for photovoltaic facilities were granted in 2009.

Insurance and the environment

Caisse d'Epargne's *Mon Auto & Moi* motor insurance policy features a novel "responsible mileage" option. This gives preferential rates for customers whose mileage is low and who therefore create little pollution. To qualify, customers must drive less than 8,000 km per year. No supporting documentation is required at the application stage; customers' mileage is checked when they make a claim. This option is available for the *Optimale*, *Spéciale* and *Confort* versions of the *Mon Auto & Moi* policy.

"Facilité Haute Qualité Énergie Environnement" programme

For their local authority customers, the Caisses d'Epargne have introduced the *Facilité Haute Qualité Energie Environnement programme*, which helps authorities finance their construction and refurbishment programmes in accordance with the principles of combating climate change and improving their management of the urban environment. To fund this programme, €350 million of financing was granted in November 2007 by the EIB[3]. In 2009, financing of €228.23 million was provided under this programme for the following projects (see table below):

(1) *A2DI: Alpes Développement Durable Invest.*

(2) *ADEME: Agence de l'environnement et de la maîtrise de l'énergie (French environment and energy conservation agency).*

(3) *EIB: European Investment Bank.*

Beneficiary	Bank	Project description	Energy performance	Amount of project (€)	Amount of financing (€)	Amount of EIB financing (€)
Angers Habitat	CE BPL	Urban renewal	THPE + HQE	16,541,000	4,000,000	4,000,000
Commune de Chanteloup en Brie	CE IDF	Construction of a nursery and a creche	THPE + HQE	7,045,000	2,000,000	2,000,000
Ville de Tourcoing	CE NFE	Extension of a primary school	HPE + HQE	2,264,940	1,132,470	1,132,470
CA de Montbéliard	CE BFC	Sporting and event facilities (2 projects)	HQE	53,000,000	20,000,000	20,000,000
Commune de Drocourt	CE IDF	Construction of a school	THPE + HQE	642,000	250,000	250,000
Commune de Couffé	CE BPL	Construction of a school restaurant	THPE + HQE	1,386,000	693,000	693,000
Commune de Plougastel	CE BPL	Construction of multi-sport facilities and a leisure centre	THPE + HQE	4,000,000	2,000,000	2,000,000
Commune de Bouguenais	CE BPL	Neighbourhood facilities	THPE + HQE	6,177,000	3,000,000	3,000,000
Commune de Piscop	CE IDF	Construction of a school complex	THPE	2,276,000	450,000	450,000
Communauté de Haute Provence	CE PAC	Construction of buildings for Techno Concept and Collines de Provence	HPE + HQE	2,500,000	1,250,000	1,250,000
Puget sur Durance	CE PAC	Photovoltaic panels, solar water-heater, rainwater collection and heat pump for a school complex	HPE + HQE	1,200,000	500,000	500,000
Syndicat Mixte du Bassin des Sorgues	CE PAC	Construction of the union's future head office	BBC + HQE	1,045,671	522,800	522,800
CC du Pays de Cordais	CE MIP	Construction of a nursery and a primary school	BBC + HQE	2,500,000	400,000	400,000
CG de la Sarthe	CE BPL	Reconstruction of a children's home and a mothers' centre	THPE + HQE	7,897,000	3,940,000	3,940,000
Ville de Blain	CE BPL	Construction of a media centre	HQE/BBC	2,100,000	1,000,000	1,000,000
Commune de Monthyon	CE IDF	Health centre	HQE	1,086,000	540,000	540,000
Ville de Vouvray	CE LC	Leisure centre, social and health centre and charity centre	THPE + HQE	2,248,888	960,000	960,000
Conseil Général du Nord	CE NFE	9 schools	THPE + HQE	143,167,780	71,540,000	71,540,000
CRCI de Picardie	CE PIC	Extension of the CRCI's premises	THPE + HQE	6,970,000	3,485,000	3,485,000
Velaux	CE PAC	Town hall/function room	HPE + HQE	13,439,721	3,300,000	3,300,000
Commune de Briec	CE BPL	Construction of a sports complex	HQE	3,875,000	1,988,000	1,988,000
Groupement d'Intérêt Public Blavet Scorff	CE BPL	Construction of an inter-hospital kitchen	THPE	5,912,000	2,956,000	2,956,000
Ville de Rezé	CE BPL	Gymnasium	HQE	4,765,000	2,383,000	2,300,000
Ville de Crespières	CE IDF	4-class school	HPE + BBC	2,121,000	800,000	800,000
Ville d'Herblay	CE IDF	Construction of a school complex (10 primary classes and 7 nursery classes)	BBC + HQE	11,300,000	11,300,000	5,650,000

Beneficiary	Bank	Project description	Energy performance	Amount of project *(€)*	Amount of financing *(€)*	Amount of EIB financing *(€)*
Ville de Tourville La Rivière	CE Normandie	Accommodation centre	HPE + HQE	557,588	300,000	300,000
SDIS 44	CE BPL	Regional government building	HQE	15,301,003	7,650,500	7,650,500
Ville de Nantes	CE BPL	Bottière community centre & *École des Réformes* school (2 projects)	THPE et BBC	6,831,000	3,415,552	3,415,552
Région Pays de la Loire	CE BPL	3 schools	BBC + HQE	36,743,000	18,371,985	18,371,985
Fauquembergues	CE NFE	Renovation/extension of community centre	THPE + HQE	1,371,798	680,000	680,000
Neuf Berquin	CE NFE	Construction of town hall	THPE + HQE	1,134,379	300,000	300,000
CU Dunkerque	CE NFE	Community technical centre	BBC/HPE + HQE	16,594,851	8,300,000	8,300,000
Erny St Julien	CE NFE	Cultural centre	THPE + HQE	574,130	250,000	250,000
Syndicat Interhospitalier de Logistique du Golfe du Morbihan (SILGOM)	CE BPL	Construction of a central kitchen	HQE	9,450,000	4,725,000	4,725,000
Conseil Général Eure	CE Normandie	School	THPE	11,434,000	5,700,000	5,700,000
Tourcoing	CE NFE	Extension of a primary school	HQE	1,978,824	989,412	989,412
Ville d'Audrieu	CE Normandie	School	THPE + HQE	3,800,000	1,000,000	1,000,000
Loches Développement	CE LC	Swimming pool	HPE + HQE	7,500,000	3,000,000	3,000,000
CH Dieppe	CE Normandie	Health centre	BBC + HQE	10,221,658	3,000,000	3,000,000
Camaret S/Aigues	CE PAC	Creche	BBC + HQE	1,383,772	691,886	691,886
SYMEVAD	CE NFE	Waste sorting centre	THPE + HQE	14,400,000	4,500,000	4,500,000
Région Nord Pas de Calais	CE NFE	Construction of 3 schools	HQE	49,940,000	24,970,000	24,970,000
			TOTAL	**494,676,003**	**228,234,605**	**222,501,605**

CE BPL: Caisse d'Epargne Bretagne-Pays de Loire, CE IDF: Caisse d'Epargne Ile-de-France, CE NFE: Caisse d'Epargne Nord France Europe, CE BFC: Caisse d'Epargne Bourgogne Franche-Comté, CE PAC: Caisse d'Epargne Provence-Alpes-Corse, CE MIP: Caisse d'Epargne de Midi-Pyrénées, CE LC: Caisse d'Epargne Languedoc-Roussillon, CE PIC: Caisse d'Epargne de Picardie.

Groupe BPCE banks have played a major role in distributing 0%-interest eco-loans (Eco-PTZ loans), which were introduced in April 2009 after France's *Grenelle Environnement* think-tank reported its conclusions. These 10-year interest-free loans are for individuals carrying out energy-saving renovations to their main residence costing up to €30,000 (insulation, heating etc.). At end-2009, Groupe BPCE had a 25.4% market share in Eco-PTZ loans, of which 75,000 had been granted across France. The Caisse d'Epargne banks and Crédit Foncier granted 10,536 loans[1] (14.8% market share) and the Banque Populaire banks 7,519 loans (10.6% market share). To help staff advise customers about these new products, the Group has set up training modules and special internal communication methods for its networks. External communication tools have been introduced to raise awareness of the technical, financial, fiscal and legal aspects of sustainable development projects. For example, the Caisse d'Epargne network has distributed leaflets entitled "*Je construis écologique*" and the Banque Populaire network has distributed leaflets entitled "*Echo Habitat*" (in partnership with CAPEB[2] and Point P). The Group has set up dedicated websites: www.developpementdurable.banquepopulaire.fr and www.beneficesfutur.fr.

Socially responsible investing

Both networks are supported by the expertise of Natixis Asset Management (NAM), which offers their customers an unrivalled range of SRI (Socially Responsible Investment) products. 14 funds managed by NAM obtained ISR Novethic accreditation in October 2009. Of those 14 funds, three are marketed by the Banque Populaire banks and three by the Caisses d'Epargne, including two that select investments based on environmental criteria: *Fructi H2O* (BP) and *Écureuil Bénéfices Environnement* (CE). Total assets under management in the two networks' SRI funds, which are sold to individuals and small-business owners, amount to €473 million. This equals 2.66% of all assets under management in mutual funds within these investor categories. Like Natixis Asset Management, Palatine AM is developing SRI funds based on corporate social responsibility criteria. This involves:

- a leading indicator of medium- and long-term risks and opportunities;
- a good understanding of sector and regulatory developments;
- strong expertise in analyzing management quality;
- analysis of corporate social responsibility as well as sustainable development issues.

In 2009, nine Palatine AM SRI funds with combined AuM of around €400 million received Novéthic accreditation. Two accredited environmental funds accounted for 1.33% of Palatine AM's total AuM at December 31, 2009:

- Palatine Or Bleu, created in 2006, a global fund focusing on the theme of water, which had AuM of €66 million at December 31, 2009;
- Palatine Climat et Environnement, created in 2008, whose theme is climate change and had AuM of €1.68 million at December 31, 2009.

Creation of *Association pour l'Étiquetage et la Transparence des Produits Financiers* (ATEPF)

In 2009, Caisse d'Epargne created the *Association pour l'Étiquetage et la Transparence des Produits Financiers* (ATEPF), working with MAIF, MACIF and the project's original stakeholders (ADEME, WWF France, Les *Amis de la Terre*, *Testé pour Vous*). The aim of this association is to promote a methodology for awarding sustainable development accreditation in the banking and insurance sector, to enhance and develop this methodology and to devise implementation tools. The financial product accreditation project was launched in June 2008 as part of *Bénéfices Futur* (the Caisse d'Epargne sustainable development programme). The project involves an "open source" approach. The association is open to other banks and insurance companies. Membership of the association is open to:

- "users", *i.e.* banks and insurance companies that are committed to gaining sustainable development accreditation for some of all of the products they sell, and to developing the methodology;
- "stakeholders", *i.e.* NGOs and charities whose aim is to support and promote the themes addressed by the accreditation process, such as consumer information, the promotion of corporate social responsibility (CSR) and Socially Responsible Investing (SRI), and the protection of the environment and the fight against climate change;
- "observers", *i.e.* banks, insurance companies and other entities that have an interest in sustainable development accreditation but that have not yet made a formal commitment to applying it. Accreditation is based on three criteria, *i.e.* safety, social and environmental responsibility, and climate. It is an effective tool for informing customers and helping them select products.

Constructive partnerships

The Groupe BPCE's banks have sought the input of recognized partners to develop their environmental strategy and actions. In early 2009, the Banque Populaire banks and Crédit Coopératif formed a partnership with the *Fondation Nicolas Hulot pour la Nature et l'Homme*. This NGO was a key participant in France's *Grenelle Environnement* think-tank, and has expertise in anticipating risks and opportunities in a society facing major environmental and social issues. It also has a role in raising awareness, helping regional Banque Populaire banks to implement their projects at the grass-roots level. Banque Populaire is committed to green, responsible growth, particularly in the construction industry. As part of this commitment, it is a member of the *Club de l'Amélioration de l'Habitat* and a founding member of Effinergie, which created BBC (low-energy construction) accreditation. It is also a partner of Cerqual (which awards BBC accreditation for houses), chambers of trade and several regional ADEME bodies. It is involved in the European Solar Days organized by Enerplan[3]. Crédit Coopératif has partnerships with ACFCI[4] and ADEME regarding the "*1,2,3 environnement* !"[5] and "*EnVol*"[6] programmes. A similar partnership has been set up with *Qualité France Association* as regards the "LUCIE" approach to facilitating environmental management among SMEs.

(1) Source: SGFGAS.

(2) CAPEB: Confédération de l'Artisanat et des Petites Entreprises du Bâtiment.

(3) Énerplan: French professional solar energy association.

(4) ACFCI: assembly of French chambers of commerce and industry.

(5) "1,2,3 Environnement !" is an initiative to facilitate the implementation of environmental management using the ISO 14001 and/or EMAS standards within companies, and particularly among SMEs.

(6) "EnVol" (Engagement Volontaire de l'Entreprise pour l'environnement) is an intermediate "1,2,3 Environnement !" programme for very small businesses.

Crédit Foncier's sustainable development offering

Crédit Foncier offers several exclusive products to help customers finance homes that are more environmentally-friendly and involve fewer greenhouse gas emissions:

- "*Prêt habitat neuf*" is a reduced-rate loan offered in conjunction with EDF Bleu Ciel. The amount of the loan is related to the property's energy efficiency (based on RT 2005[1] up to the THPE label); The loan amount can be increased for buildings incorporating solar energy facilities or with BBC accreditation;
- *Prêt Liberté Photovoltaïque* is a loan for photovoltaic panels;
- the loan amount is calculated using a total cost approach, taking into account some of the energy savings resulting from an energy-efficient home (either a newbuild property or a property that has undergone energy-saving refurbishment). By incorporating these savings into the loan calculation, customers can borrow more. This innovative financing solution makes it easier to finance low-energy homes;
- like the Group's other banks, Crédit Foncier also distributes two types of government-regulated loans, *i.e*: Eco-PTZ loans and the larger NPTZ loans: which are 0%-interest loans for newbuild homes on the French mainland with BBC low-energy accreditation.

Natixis and the environment

In major regional green investment projects, the efforts of the Banque Populaire and Caisse d'Epargne banks are supported by financial solutions from Natixis, the Groupe BPCE's listed entity. The Banque Populaire and Caisse d'Epargne banks therefore benefit from the expertise of a leading bank in financing renewable energy products, carbon financing and SRI and solidarity management. Natixis publishes a special sustainable development report, which is available on its website.

B/ REDUCING OUR DIRECT IMPACT

In 2004, the Caisses d'Epargne started to take a more environmentally responsible approach by introducing indicators and monitoring them *via* an intranet database shared by all correspondents. In 2005 and 2006, four pilot entities carried out ADEME carbon audits, followed by a further five entities in 2007. As a result, a commitment to reducing CO_2 emissions by 3% per year was included in the "*Bénéfices futur*" programme. By the end of 2009, almost all Caisses d'Epargne and three commercial subsidiaries had carried out carbon audits and introduced plans to cut CO_2 emissions. The Caisses d'Epargne have adopted special methods and tools to implement and monitor these emission-reduction plans. National and local initiatives remain in place within the Caisses d'Epargne and at the national level. In 2009, the Group's main efforts included:

- a move to integrate suppliers into efforts to reduce greenhouse gas emissions;
- initiatives to encourage travel methods with lower CO_2 emissions (such as Company Travel Plans, car-sharing, reductions in air travel etc.);
- branch renovation work that complies with environmental criteria, particularly as regards cutting CO_2 emissions;
- initiatives to minimize energy consumption.

The Caisses d'Epargne will publish their first report on reducing CO_2 emissions (covering the 2007-2009 period) in the first half of 2010. In late 2007, three entities adopted an environmental management system, based on the ISO 14001 standard, without seeking third-party certification. In 2009, Caisse d'Epargne de Bourgogne Franche-Comté introduced an ISO 14001-compliant system. It obtained ISO 14001 certification in March 2010. In 2009, the Banque Populaire banks undertook a similar initiative, aiming to set up a carbon audit system that can be used by all banks in the Banque Populaire network on an annual basis. Performance data regarding consumption of paper, water, energy and transport can be found in the NRE Act - GRI appendix in this chapter (section 6.4, Reporting required under France's NRE Act - environmental information). Staff working in the networks are informed about environmental initiatives through sustainable development intranets. The Caisses d'Epargne, as part of their partnership with WWF France from 2003, have improved their environmental practices in response to Vigeo ratings between 2003 and 2007. Ongoing efforts were stepped up in 2009 through internal awareness-raising initiatives relating to major sustainable development events.

An example is the *Ultimatum Climatique* campaign, organized by a number of NGOs and supported by BPCE, which received signatures from several hundred Group staff.

BPCE also hosted a Banque Populaire conference entitled "*La ville face au changement climatique*" ("Climate change and the city") in the 6th *Forum International de la Météo*. The conference was attended by the Chairman of the IPCC[2], by France's secretary of state for the environment Chantal Jouanno, and by weather and climate experts from around the world.

(1) *Thermal regulations for new residential and commercial buildings.*

(2) *IPCC: Intergovernmental Panel on Climate Change.*

6.1.2 Increasing solidarity in order to maintain social balance

A/ BPCE, FRANCE'S LEADING PROVIDER OF MICROCREDIT

BPCE is France's leading provider of microcredit, lending €31.4 million through 10,600 microloans in 2009. This reflects the Group's desire to assist people who fall outside the market's normal criteria, helping them become economically active and contribute to the sustainable development of their communities. The initiatives taken by the two networks complement each other perfectly. The Banque Populaire banks focus on business microcredit by lending to start-up businesses, while the Caisses d'Epargne focus on social microcredit by lending to individuals. Providing assistance with borrowers' projects is crucial to their success, and is central to the microcredit process. The Banque Populaire banks are the leading providers of finance to Adie (a charity promoting business initiative), which grants business microloans. This commitment, together with the development of a skills sponsorship system, supplement the Banque Populaire banks' efforts with other solidarity-based entrepreneurship organizations such as France Active, France *Initiative Réseau* and *Réseau Entreprendre*. As a result, Banque Populaire is the leading partner for people setting up or acquiring businesses. The system is strengthened by branches that specialize in helping those excluded from the banking system and struggling with excessive debt (Banque Populaire Provençale et Corse's "Agence Solidarité", Banque Populaire Rives de Paris' "Agence Adigo" etc.). Banque Populaire Atlantique supports the work done by the microcredit department at the AUDENCIA business school[1] in Nantes. In 2009, the Banque Populaire banks and Crédit Coopératif granted more than 6,000 microloans totaling almost €17 million. The Caisses d'Epargne, through the *Parcours Confiance* programme, are France's leading providers of social microcredit. Set up by the Caisses d'Epargne, *Parcours Confiance* associations work with individuals and new businesses in difficulty, improving their understanding of 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 *Finances & Pédagogie* association 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 and *Fondation de la 2e Chance*, as well as with social assistance and integration organizations like *Secours Catholique*, UDAF, *Restos du Coeur*, Face and Adecco. Social microloans are guaranteed by France's social cohesion fund. Business microloans may be guaranteed by France Active. At end-2009, all Caisses d'Epargne were involved, with 60 advisors covering 90 *départements*. Since the system was launched, 7,690 microloans have been approved, including 5,810 personal microloans and 1,880 business microloans. In 2009, 2,926 new loans were granted to people in difficulty by Caisses d'Epargne, representing total lending of almost €6 million.

B/ BPCE'S SOCIALLY RESPONSIBLE APPROACH

In 2009, Groupe BPCE was ranked No. 1 in solidarity-based finance in Finansol-La Croix's seventh report, based on both the number of accredited products and assets under management (€940 million, equating to a 58% market share). Through the efforts of the Caisses d'Epargne, the Banque Populaire banks, Crédit Coopératif, Natixis Asset Management and Natixis Interépargne, the Group offers 19 Finansol accredited products to its customers. As the report shows, despite the recession, savers have continued to invest in these products which, as well as offering competitive returns, appeal to their sense of social responsibility.

This social responsibility is also shown through the sponsorship initiatives taken by Groupe BPCE, but also by the Banque Populaire and Caisse d'Epargne foundations, particularly the *Fondation des Caisses d'Epargne pour la Solidarité*.

(1) *AUDENCIA: business school set up in 1900 in Nantes.*

6.2 The Groupe BPCE's human resources policy

As France's second-largest banking group, human resources represent a major challenge for Groupe BPCE. As well as implementing an effective group-wide HR organization, it must develop a plan that both supports economic performance and meets the expectations of employees. This is a genuine challenge, but more importantly an opportunity to enhance the loyalty and mobility of its staff, which are its most valuable resource.

6.2.1 An ambitious project

After the first half of 2009 was spent integrating the Groupe Banque Populaire and the Groupe Caisse d'Epargne, work began on building Groupe BPCE and its new central body. Two major projects began in September 2009.

Firstly, the *"BPCE, c'est nous !"* project had the task of creating the new central body. The objective was: to integrate teams, harmonize operating procedures and create a sense of belonging, in order to ensure that BPCE operates effectively in serving all group entities. **"Efficience RH"** is part of the Group project dedicated to employees, and is being developed collectively by all Group companies. The objective was: to define new employee relations arrangements and to enable the Group to be a benchmark employer in France within three years. This ambition covers all areas of HR, including attracting the best talent, developing skills and employability, and creating a Group where employees enjoy working, where there are good relationships between management and staff and where initiative and independence are valued.

NEW RECRUITMENT METHODS

Groupe BPCE is a major recruiter in France. The Banque Populaire and Caisse d'Epargne networks took on more than 3,000 permanent staff in 2009. 80% of these new jobs were in customer-facing roles, mainly in the Banque Populaire and Caisse d'Epargne networks.

To support this recruitment, Group companies have developed several initiatives. Following on from referral-based recruitment and job dating projects, the Caisses d'Epargne introduced work placement dating. This involves students visiting branches, meeting with operational and HR staff, and demonstrating their motivation. Selected candidates are then interviewed for a work placement.

The Banque Populaire banks formed a partnership with *Graines de Boss*, a business start-up organization, aimed at university students.

These initiatives will be maintained, with three main objectives: to raise the profile of Group entities as leading employers, to diversify sources of recruitment and to implement best practice by using methods suited to new behaviors and diverse applicant profiles.

MAJOR TRAINING EFFORTS

Groupe BPCE companies continued to provide extensive training in 2009, with training expenditure equaling 6% of payroll. The Group's training initiatives show its desire to enhance skills in the workforce, for the benefit of its customers.

As well as reorganizing the *CIBLEntreprise* course, the Banque Populaire banks introduced a new 16-module course covering fundamental aspects of serving retail banking customers, along with a novel mortgage simulation system.

The Caisses d'Epargne maintained training efforts in regional development banking, introducing courses for heads of business centers, social economy business managers and business managers in the fields of property development, construction and renovation. A new course was created for the new "branch wealth management" business line.

The two networks also held discussions with Natixis Epargne Financière regarding the certification of staff selling financial products.

E-learning continued to play a growing role in the Group's training efforts. For example, 100,000 hours of training were carried out in e-learning mode within the Banque Populaire network. Similar developments are taking place within the Caisse d'Epargne network, where online training can be accessed from all workstations, and *via* a dedicated extranet. More than 53,300 staff signed up for the "Compétence Business Clients" course in 2009.

ACTIVE EMPLOYMENT AND SKILLS MANAGEMENT

Ahead of changes in professional training legislation, the Group made major changes to its system for supporting employees' professional development. The two banking networks' net contribution to the system amounted to more than €10 million. In 2009, the Banque Populaire banks provided more than 270 professional development contracts and more than 1,000 professional development periods. The Caisses d'Epargne provided more than 260 professional development contracts and more than 2,200 professional development periods. The two networks spent almost €800,000 on tutoring in 2009.

In response to regulatory developments regarding older employees, all Group companies introduced dedicated plans of action. In 2010, the Banque Populaire and Caisse d'Epargne career and qualification monitoring departments will carry out qualitative research into older employees and their expectations. This survey should result in measures to ensure that the employees concerned are successful in the latter stages of their careers.

The "*Nomenclature Fédérale des Emplois*" (federal job nomenclature project), initiated in 2008, continued within the Banque Populaire network as part of its GPEC employment and skills planning obligations. By combining work done in this area by the two networks and Natixis, the Group has developed an overall plan that will help identify common standards. This should support staff mobility within the Group and assist with career guidance.

DEVELOPING A COMMON MANAGERIAL CULTURE

The Group maintained its efforts to develop and train existing and future managers. More than 200 executives and high-potential staff took part in training sessions suited to their needs, including courses for new managers and future managers, management development courses and senior management courses.

Emphasis is being placed on increasing female representation in senior management and on raising the profile of managerial functions. As part of this initiative, the Group has formed a pool of 160 talented female staff from various Group companies, who are undertaking a personalized development programme.

Also in 2009, the Group completed its "100% Managers" programme, which brought together almost 2,000 managers representing all of the Group's functions and companies between May 2008 and December 2009.

The two networks share the same ambitions as regards managerial and executive development, and this has resulted in shared programmes for detecting and training talented staff. This represents a major step forward in developing the Groupe BPCE's managerial culture.

95,000 employees with shares in Natixis.

On November 12, 2009, 95,000 Groupe BPCE employees became shareholders in Natixis. Each eligible employee received 93 shares, which they must keep until November 14, 2011. This distribution was intended to enhance employee buy-in and consolidate support for Natixis as it launched its "New Deal" strategic plan. The move brings together all employees, who will share in the success of a common project.

6.2.2 A committed and responsible approach

ONGOING COMMITMENT TO DISABLED STAFF

In its efforts to support disabled staff, the Group continued to achieve synergies in 2009 and the network of disabled correspondents remains active, with 4 or 5 meetings per year. The Group has maintained its partnerships with Adapt and Hanploi, which lead the market in finding jobs for disabled people.

Groupe BPCE confirmed its commitment in this area by taking part in several fairs and events like "*La Semaine pour l'emploi des personnes handicapées*" (jobs for disabled people week), of which it was an official partner.

It made special efforts to train and raise awareness among staff regarding disabilities: The Banque Populaire banks introduced a training module for managers, along with the "*Guide du savoir vivre ensemble*" and "*Les Handispensables*" guides, while the Caisses d'Epargne set up the "*Bonjour Sylvie*" system.

Several outsourcing partnerships were signed, and discussions were held regarding socially responsible purchasing from disability organizations.

CONSTRUCTIVE DIALOGUE BETWEEN MANAGEMENT AND EMPLOYEES

The creation of Groupe BPCE was accompanied by a great deal of activity on legal and workforce-relations issues. The information and consultation process with staff representative bodies began in late April 2009 within Banque Populaire and Caisse d'Epargne entities, and 53 works councils were consulted before June 30.

In the second half of the year, two major projects began.

The first involved organizing elections of Banque Populaire and Caisse d'Epargne staff representatives to sit on BPCE's Supervisory Board. The second involved setting up bodies ensuring dialogue between management and employees. Collective negotiations began in late 2009 to create a Group committee and three "sub-group" committees, dealing with issues specific to the Banque Populaire banks, the Caisses d'Epargne and Natixis.

A Strategy committee was also set up to hold informal discussions with unions. It held its first meeting on December 14, 2009.

The creation of the Banque Populaire Branch, which was approved by the act of June 18, 2009 relating to the creation of BPCE, resulted in substantial activity. An agreement setting up the Banque Populaire Joint Management committee was reached on December 16, 2009. This body is tasked with negotiating national collective agreements applicable to Banque Populaire companies and their employees. The agreement sets out the Joint Management committee's operating procedures and specifies the resources allocated to unions in this area. Collective negotiations took place on several other issues in 2009, including remuneration and the prevention of work-related stress.

Prevention of work-related stress: a model agreement.

A national collective agreement covering the measurement and prevention of work-related stress was signed by the Caisse d'Epargne Branch on July 15, 2009. The agreement creates a system for assessing and preventing work-related stress in companies with more than 50 employees. This agreement is regularly mentioned as a model of its type by the French government and experts in this area. It provides a frame of reference for developing a policy aimed at preventing work-related stress at the Groupe BPCE level.

6.3 Reporting required under France's NRE Act – workforce information

Indicators

The indicators stated are those defined by the February 20, 2002 decree relating to new economic regulations, known as the "NRE act". The correspondence between these indicators and GRI 3 (Global Reporting Initiative) indicators is stated in brackets.

Scope

The figures given – with the exception of the total number of group employees, which covers France and other countries – are for the Groupe BPCE entities in France (the Banque Populaire regional banks, the Caisses d'Epargne, CASDEN Banque Populaire, i-BP, GCE Technologies, GCE Business Services, BPCE, MA BANQUE, Priam, SBE, Canal Écureuil, Écureuil Crédit and other entities of the Caisse d'Epargne arm).

Additional information is available in the 2009 Groupe BPCE Social Report.

6.3.1 Total number of employees – Group (GRI 3) (LA 1, LA 13) (Art. 1.1a, 1.3)

The total number of Groupe BPCE employees was 127,402 at December 31, 2009. Employees of the Banque Populaire regional banks made up 29% of the Group total, and employees of the Caisses d'Epargne made up 32.5%.

The total number of employees was down 0.6% compared with year-end 2008.

	2008	2009	Evol
Banque Populaire retail banking	37,252	37,087	-0.4%
Caisse d'Epargne retail banking	41,770	41,424	-0.8%
Natixis	22,890	22,408	-2.1%
Real estate	19,252	19,515	1.4%
Central body	1,804	1,647	-8.7%
IT and other operations	5,202	5,321	2.3%
GROUP TOTAL	**128,170**	**127,402**	**-0.6%**
Permanent and fixed-term staff (excl. work-study)			

This figure includes only employees of the Banque Populaire regional banks, the Caisses d'Epargne, CASDEN Banque Populaire, i-BP, GCE Technologies, GCE Business Services, BPCE, MA BANQUE, Priam, SBE, Canal Écureuil, Écureuil Crédit and other entities of the Caisse d'Epargne arm.

Permanent + fixed-term staff	2008		2009	
Number of persons	Number	%	Number	%
Permanent staff (incl. work-study)	72,282	97.3	71,322	97.2
Fixed-term staff (excl. work-study)	1,991	2.7	2,065	2.8
TOTAL	**74,273**	**100.0**	**73,387**	**100.0**

PERMANENT STAFF AT DECEMBER 31

	2008		2009	
Non-management/management	**Number**	**%**	**Number**	**%**
Non-management	50,252	69.5	48,861	68.5
Management	22,030	30.5	22,461	31.5

	2008		2009	
Women/Men	**Number**	**%**	**Number**	**%**
Women	38,699	53.5	38,471	53.9
Men	33,583	46.5	32,851	46.1

6.3.2 New hires (LA 2) (Art. 1.1a)

To keep pace with the Group's growth in 2009, the Group's dynamic recruitment policy led to the hiring of more than 3,000 new employees on permanent contracts.

More than half of these recruitments (51.9%) resulted from conversion of fixed-term and work-study employees to permanent staff, reflecting the Group's desire to provide stable employment.

The proportion of women in the Group's workforce continues to be strong. Although the female population was stable, women made up a slight majority (56%) of new permanent hires in 2009.

NEW HIRES

	2008		2009	
	Number	**%**	**Number**	**%**
Permanent staff				
Non-management	3,929	39.5	2,529	31.3
Management	971	9.8	580	7.2
Fixed-term staff				
Non-management	4,983	50.1	4,904	60.7
Management	58	0.6	60	0.7
TOTAL NEW HIRES	**9,941**		**8,073**	
PROPORTION OF MANAGERS		**10.4**		**7.9**

Two-thirds of the employees recruited in 2009 are holders of BAC +2 diplomas or higher.

PERMANENT STAFF ONLY

Recruitment level	2008	2009
BAC + 2/3	42.0%	50.6%
BAC + 4/5	27.2%	23.7%

6.3.3 Redundancies (LA 2) (Art. 1.1b)

The number of employees whose jobs were eliminated in 2009 represented 16% of all separations from group entities.

REDUNDANCIES

	2008		2009	
	Number	%	Number	%
Redundancies	627	10.8	556	16.2
TOTAL SEPARATIONS	**5,780**	**100.0**	**3,430**	**100.0**

6.3.4 Overtime hours (Art. 1.2)

Overtime hours in 2009 amounted to 66,519, equivalent to 41 full-time staff positions on an annual basis. Overtime hours declined significantly compared with last year (down 36% on the year).

OVERTIME HOURS

	2008	2009
Hours	104,537	66,519
FTE positions	65.05	41.39

6.3.5 Temporary workers (Art. 1.1a)

The use of interim staff is determined by the choices and constraints of each group entity. Overall, the level of interim staffing is relatively low, corresponding to 1.4% of the workforce. This is a sign of the ongoing effort to match job positions and the employees assigned to them to the work load.

6.3.6 Organization, working hours and absenteeism (LA 7) (Art. 1.2)

Within the Group, the length of the working week is governed by agreements at each group entity. Thus, average working hours per week on an annual basis may range between 35 and 39 hours, with compensatory measures such as additional days off awarded to employees.

Generally, employees working on a collectively bargained work schedule may choose to work on a part-time basis.

In 2009, 10% of employees opted to work part-time. More than 93% of those opting for part-time work are women.

PERMANENT STAFF AT DECEMBER 31

	2008		2009	
Percentage of full-time at 31 Dec.	**Number**	**%**	**Number**	**%**
less than 50%	378	0.5	320	0.4
50%	600	0.8	521	0.7
50% to 80%	2,510	3.5	2,494	3.5
80%	2,085	2.9	1,962	2.8
more than 80%	2,193	3.0	2,171	3.0
FULL-TIME EMPLOYEES	**64,516**	**89.3**	**63,854**	**89.5**
PART-TIME EMPLOYEES	**7,766**	**10.7**	**7,468**	**10.5**

6.3.7 Changes in compensation (LA 13, LA 14) (Art. 1.3)

Every year, each group entity conducts a procedure to analyze and revise individual pay levels in keeping with performance objectives shared with the employee.

PERMANENT STAFF – AVG. BASE PAY AT DECEMBER 31 (EXCL. HC)

	2008		2009		% change	
Pay	**W**	**M**	**W**	**M**	**W**	**M**
A/T1	20,571	20,053	21,234	20,379	3.2	
B/T2	21,340	22,501	21,418	22,680	0.4	0.8
C	22,815	22,630	22,989	22,695	0.8	0.3
D/T3	27,626	28,560	27,755	28,694	0.5	0.5
E	27,408	27,516	27,781	27,905	1.4	1.4
F/TM4	31,397	33,190	31,540	33,228	0.5	0.1
G/TM5	33,716	35,699	33,987	35,843	0.8	0.4
NON-MANAGEMENT	**28,610**	**31,162**	**28,951**	**31,369**	**1.2**	**0.7**
H/CM6	39,392	41,413	39,688	41,699	0.8	0.7
I/CM7	48,947	50,867	49,287	51,179	0.7	0.6
J/CM8	59,553	61,326	60,217	61,737	1.1	0.7
K/CM9	76,375	78,443	76,397	78,808	0.0	0.5
MANAGEMENT	**44,225**	**48,705**	**44,491**	**48,972**	**0.6**	**0.5**

6.3.8 Professional relations and collective agreements

See section 6.2.2 "A committed and responsible approach".

6.3.9 Health and safety conditions (LA 6) (Art. 1.5)

Within the Group, policies and budgets relating to health and safety conditions are the province of each of the entities and the HSCT committees established with employee representatives.

Besides expenditures on specific programs to improve health and safety conditions in workplace environments, group entities implement more traditional monitoring and prevention programs, such as the medical examination required every two years for each employee.

6.3.10 Training (LA 10) (Art. 1.6)

The total number of hours devoted to training – more than 2,656,168 in 2008 – is a sign of the Group's sustained effort to train its employees for a demanding and ever-changing banking universe. More than 64,600 trainees (among a total of 74,495 employees) went through at least one training course.

The Group's expansion of training courses delivered *via* online platforms continued successfully in 2009, with more than 151,000 hours of training provided in this way.

TRAINING

	2008	2009
Number of hours	2,656,168	June 2010 Social Report
Number of trainees	64,611	

BUSINESS-LINE AND MANAGER TRAINING

See section 6.2.1 "An ambitious project".

6.3.11 Diversity within the company (LA 13, LA 14) (Art. 1.3)

EQUAL OPPORTUNITY BETWEEN MEN AND WOMEN

Proportion of women in the workforce

Permanent staff at December 31	2008	2009
Women	53.5%	53.9%
Men	46.5%	46.1%

At December 31, 2009, women accounted for 53.9% of all Groupe BPCE employees in France, a very slight increase compared with the year before.

Proportion of women among new hires

Women recruited	2008	2009
Permanent staff (mgt. and non-mgt.)	56.06%	56.19%
Fixed-term (mgt. and non-mgt.)	69.67%	69.50%

The number of women recruited by Groupe BPCE in 2009 was 5,197, or more than 64% of permanent and fixed-term hires across all group business lines.

Proportion of women in management category

Permanent staff at December 31	2008	2009
Proportion of women managers	32.07%	33.03%

The proportion of women in the Groupe BPCE manager population was higher in 2009, at 33%.

Proportion of women among promotions

% promoted/total workforce - permanent staff at December 31	2008	2009
Women	16.15%	12.20%
Men	15.59%	11.71%

The proportion of women receiving promotions was 12.2% in 2009.

Proportion of women among pay increases

% receiving pay increase/total - permanent staff at December 31- Individual pay increase	2008	2009
Women	59.65%	38.28%
Men	57.35%	35.89%

Across all group employees in France covered by the Banque Populaire or Caisse d'Epargne collective agreements, 38.28% of women received individual pay raises in 2009.

Proportion of women among training participants

Training	2008	2009
Number of trainees	34,252	June 2010 Social Report
Proportion of women trainees	53.0%	

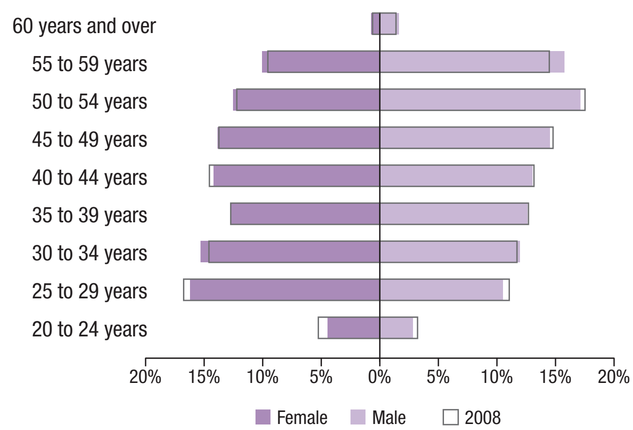
Equal treatment in access to training is a strong commitment within Groupe BPCE. Women made up 53% of all employees trained during 2008. This percentage is very close to the percentage of women in the Groupe BPCE workforce.

6.3.12 Distribution of employees by age bracket (LA 1, LA 13) (Art. 1.1a, 1.3)

The proportion of employees aged 35 years and under is high (more than 30% of the overall workforce) and a sign of the Groupe BPCE's dynamic growth. These younger employees help to balance out the age pyramid and prepare for the gradual replacement of the significant numbers of employees aged 55 and over who will be retiring in the next few years.

Changes in the age structure

(% of age bracket in female or male workforce)



6.3.13 Employment and accommodation of persons with disabilities (LA 13) (Art. 17)

In 2008 the Group employed more than 2,000 persons with disabilities. This figure does not include indirect support of jobs at specialized agencies for workers with disabilities.

Employment and accommodation of workers with disabilities

	2008	2009
Number of employees with disabilities	2,093	June 2010 Social Report

6.3.14 Social and cultural activities (Art. 1.8)

Within Groupe BPCE, contributions for social and cultural activities are determined under collective agreements at each entity.

Social and cultural activities

(in thousands of euros)	**2008**	**2009**
Annual contributions to Works Council budget	53,263	June 2010 Social Report
Annual contributions to Enterprise Works Council budget	2,407	
Amount devoted to social benefits by Employer	296,387	
Amount devoted to social benefits by Works Council	17,472	
TOTAL	**369,529**	

6.3.15 Territorial impact of Groupe BPCE activities on regional employment and development

Groupe BPCE has forged its history on values tied to regional development, and it continues to support local development by its presence in regional labor markets. By financing its clients' business activities, it builds long-lasting relationships of partnership and proximity.

In 2009, 81% of Groupe BPCE employees worked outside the Paris region, and nearly 88% of recruitments were made in provincial locations.

6.3.16 Relations with work placement associations and educational institutions

Within Groupe BPCE, relations with work placement and occupational training agencies are the responsibility of each of the entities, in keeping with an expressed desire to give pride of place to the Group's mutual and co-operative values.

6.3.17 Subcontracting and compliance with ILO fundamental conventions

Groupe BPCE ensures that suppliers with whom it has signed subcontracting agreements observe all legal requirements relating to management of their personnel.

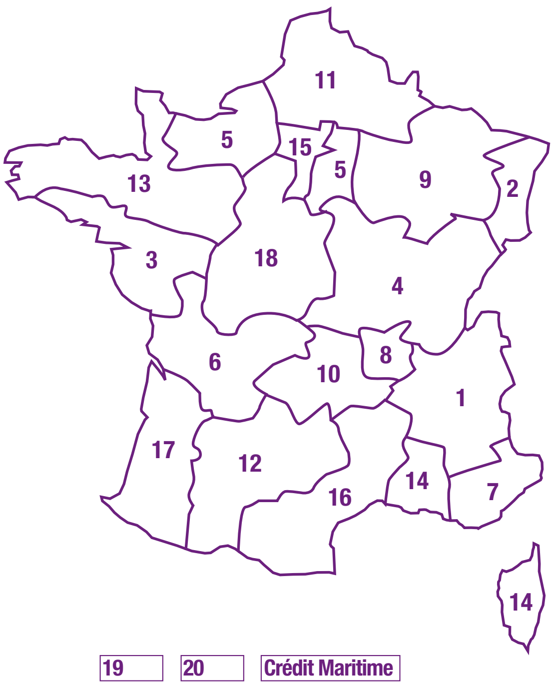
The procurement department includes a notice regarding working conditions at subcontractors in all calls for tenders on service provision agreements.

6.4 Reporting required under France's NRE Act – environmental information

Indicators: Groupe BPCE has chosen to base its sustainable development reporting on statutory requirements, the NRE Act and a set of voluntary international standards (the Global Reporting Initiative version 3 or GRI3).

Scope: Data in the "NRE appendix" below relate to the Paris head offices of BPCE (in the 13th and 15th *arrondissements*), the Banque Populaire banks, the Caisses d'Epargne and certain subsidiaries of the two networks. Data for each indicator are consolidated on the basis of data entered by the entities. The maps show that certain entities have been temporarily excluded from the scope. The analysis was conducted in mainland France and in French overseas territories.

BANQUE POPULAIRE NETWORK



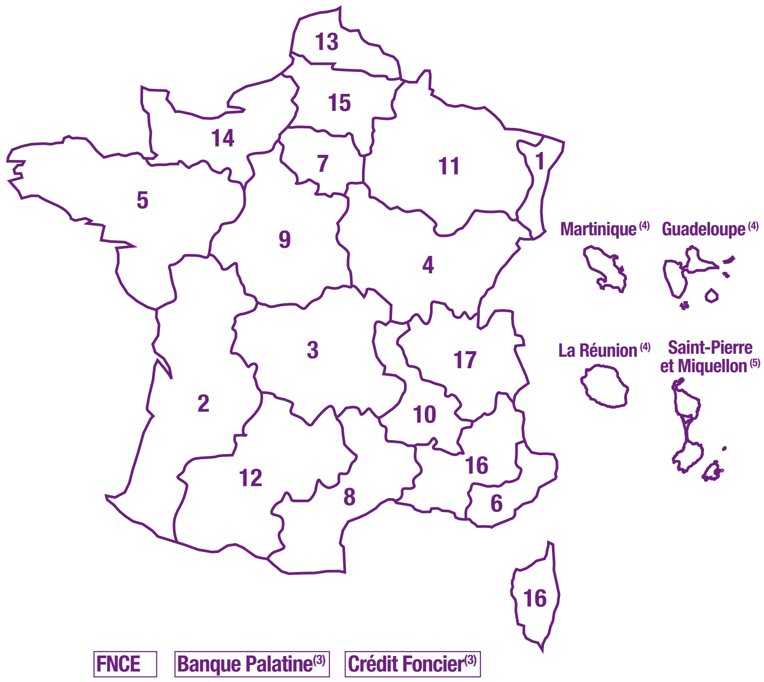
1. BANQUE POPULAIRE DES ALPES
2. BANQUE POPULAIRE D'ALSACE
3. BANQUE POPULAIRE ATLANTIQUE
4. BANQUE POPULAIRE BOURGOGNE FRANCHE-COMTÉ
5. BRED BANQUE POPULAIRE[(1)]
6. BANQUE POPULAIRE CENTRE ATLANTIQUE
7. BANQUE POPULAIRE CÔTE D'AZUR
8. BANQUE POPULAIRE LOIRE ET LYONNAIS
9. BANQUE POPULAIRE LORRAINE CHAMPAGNE
10. BANQUE POPULAIRE DU MASSIF CENTRAL
11. BANQUE POPULAIRE DU NORD
12. BANQUE POPULAIRE OCCITANE
13. BANQUE POPULAIRE DE L'OUEST
14. BANQUE POPULAIRE PROVENÇALE ET CORSE
15. BANQUE POPULAIRE RIVES DE PARIS
16. BANQUE POPULAIRE DU SUD
17. BANQUE POPULAIRE DU SUD-OUEST
18. BANQUE POPULAIRE VAL DE FRANCE
19. CASDEN Banque Populaire[(2)]
20. CRÉDIT COOPÉRATIF[(2)]

(1) *BRED Banque Populaire also operates in the following countries and overseas territories: French Polynesia, New Caledonia, Guadeloupe, Martinique, French Guyana, La Réunion and Mayotte.*

(2) *A Banque Populaire bank with national coverage.*

(3) *Banque Palatine and Crédit Foncier are national subsidiaries of the Caisse d'Epargne network.*

CAISSE D'EPARGNE NETWORK



1. CAISSE D'EPARGNE ALSACE
2. CAISSE D'EPARGNE AQUITAINE POITOU-CHARENTES
3. CAISSE D'EPARGNE D'AUVERGNE ET DU LIMOUSIN
4. CAISSE D'EPARGNE DE BOURGOGNE FRANCHE-COMTE
5. CAISSE D'EPARGNE BRETAGNE-PAYS DE LOIRE
6. CAISSE D'EPARGNE COTE D'AZUR
7. CAISSE D'EPARGNE ILE-DE-FRANCE
8. CAISSE D'EPARGNE LANGUEDOC-ROUSSILLON
9. CAISSE D'EPARGNE LOIRE-CENTRE
10. CAISSE D'EPARGNE LOIRE DROME ARDECHE
11. CAISSE D'EPARGNE LORRAINE CHAMPAGNE-ARDENNE
12. CAISSE D'EPARGNE DE MIDI-PYRENEES
13. CAISSE D'EPARGNE NORD FRANCE EUROPE
14. CAISSE D'EPARGNE NORMANDIE
15. CAISSE D'EPARGNE DE PICARDIE
16. CAISSE D'EPARGNE PROVENCE-ALPES-CORSE
17. CAISSE D'EPARGNE RHONE ALPES

FNCE : FEDERATION NATIONALE DES CAISSES D'EPARGNE

(3) Banque Palatine and Crédit Foncier are national subsidiaries of the Caisse d'Epargne network.

(4) Reports to Caisse d'Epargne Provence-Alpes-Corse.

(5) Reports to Caisse d'Epargne Île-de-France.

6.4.1 Consumption of materials (GRI: EN 1, EN 2) (NRE Act: Art. 2.1)

Several entities use recycled or eco-certified paper.

PAPER

	Banque Populaire network*	Caisse d'Epargne network	Consolidated data for BPCE head offices
Total paper consumption *(tonnes)*	2,969.54	3,148	102.73
Total paper consumption *(reams)*	1,122,906	1,300,755	42,219
Consumption per workstation *(tonnes)*	0.09	0.09	0.06
Consumption per workstation *(reams)*	34.47	35.6	25.6
Average paper grammage	80	78	77
Number of reams of recycled A4 or A3 paper purchased (included in the total amount of paper purchased)	62,898	155,368	9,400
Number of reams of eco-certified A4 or A3 paper (Included in the total amount of paper purchased)	n/a	324,809	20,640

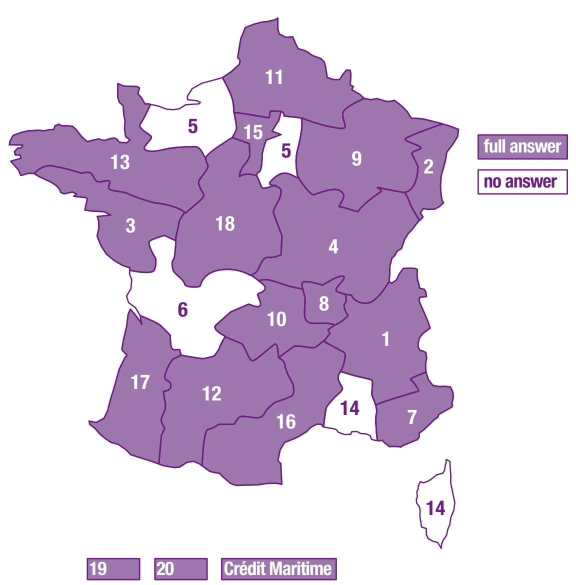
(1) Banque Populaire banks data and estimate of group contract data
(2) The total number of reams of recycled paper purchased in 2009, included in total paper purchases was 155,368 reams, identified in two Caisses d'Epargne and Banque Palatine.
(3) The total number of reams of certified paper, included in total paper purchases, was 324,809 reams, identified in four Caisses d'Epargne, the BPCE Avant Seine head office and at Crédit Foncier
** Data includes consumption and document production at i-BP.*

ENVELOPES

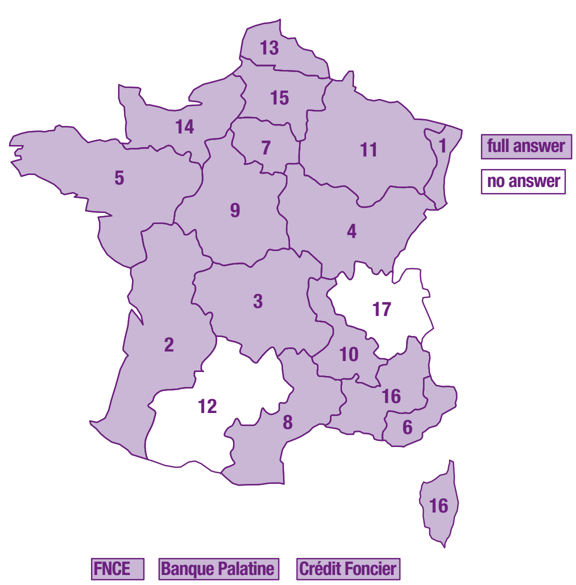
	Banque Populaire network(1)*	Caisses d'Epargne network	Consolidated data for BPCE head offices(2)
Envelope consumption (tonnes)	580.64*	n/a	82.5

(1) Banque Populaire data and estimate of group contract data.
(2) Included in Banque Populaire Group purchases.
** Data include i-BP's use of consumables and electronic publishing tools.*

Banques Populaires



Caisses d'Epargne

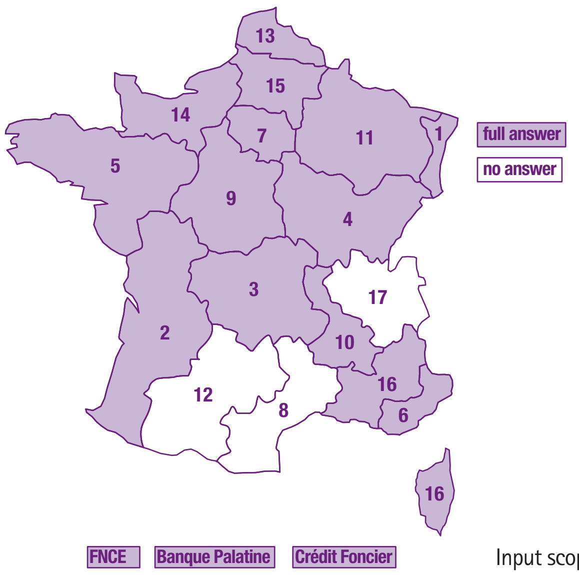


Input scope of the "Total paper consumption" indicator.

OFFICE CONSUMABLES (INK CARTRIDGES)

	Banque Populaire network	Caisse d'Epargne network
Original toner cartridges	n/a	23,473
Recycled toner cartridges	n/a	64,265

Caisses d'Epargne

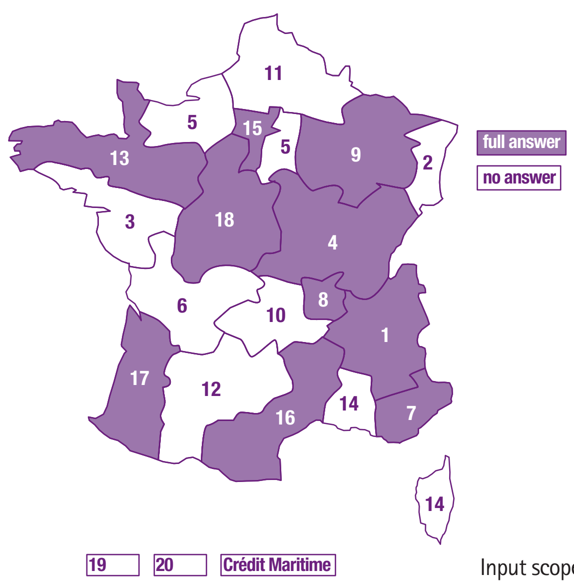


Input scope for the two indicators above.

PURCHASES, SUPPLIERS

	Banque Populaire network	Caisse d'Epargne network
Percentage of purchases with environmental accreditation	17%	n/a
Number of suppliers with environmental accreditation	74	n/a
Proportion of suppliers that publish an environmental charter	28.5%	n/a

Banques Populaires



Input scope for the three indicators above.

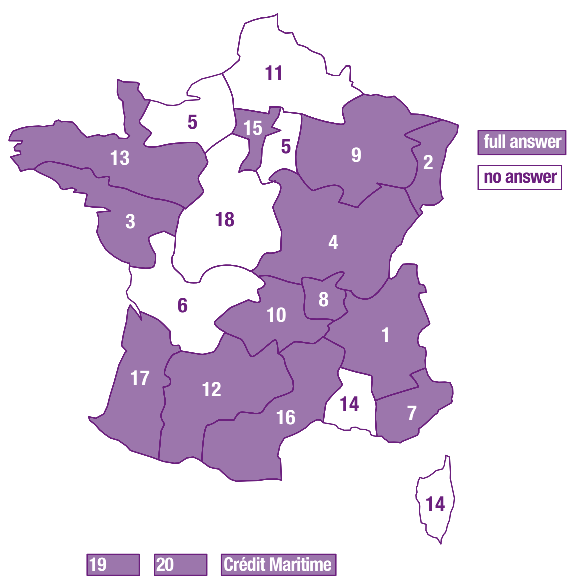
6.4.2 Energy consumption (GRI EN 3, EN 4) (NRE Act: Art. 2.1)

TOTAL CONSUMPTION[(1)]

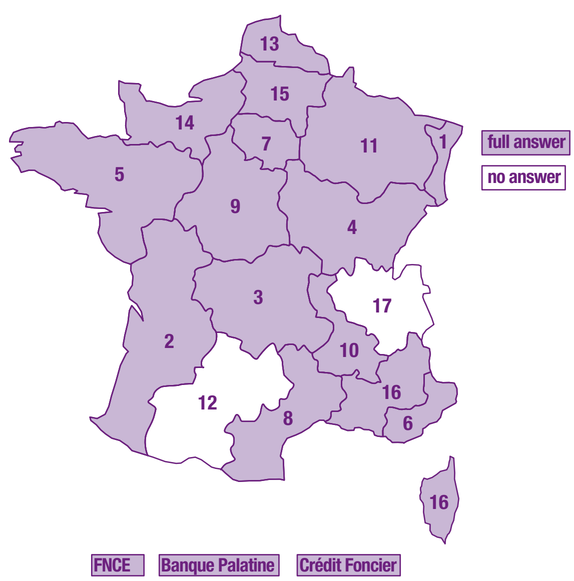
	Banque Populaire network	Caisses d'Epargne network	BPCE head offices
Total energy consumption *(Gj)*	943,275.6	973,130	55,320
Total energy consumption *(KWh)*	262,021,000	270,313,797	15,366,789
Total energy consumption per workstation *(Gj per FTE employee)*	28.95	26.63	33.59
Total energy consumption per workstation *(KWh per FTE employee)*	8,042	7,397	9,331
Energy consumption per m² *(Gj)*	0.83	0.58	0.69
Energy consumption per m² *(KWh)*	230.5	162.1	191.7

(1) *Figures based on meter readings, which state final energy consumption, not consumption of the primary energy source.*

Banque Populaire banks



Caisses d'Epargne



6.4.3 Use of renewable energies (GRI: EN 6) (NRE Act: Art. 2.1)

Three Banque Populaire banks (Alpes, Alsace and Sud) produce and consume renewable energy:

Renewable energy production	33,490 kWh
Renewable energy consumption	854,880 kWh

Two Caisses d'Epargne (Bourgogne Franche-Comté and Provence-Alpes-Corse) and a subsidiary (Banque Palatine) use renewable energy: They have an "*Équilibre*" contract with EDF, which undertakes to produce a certain number of KWh per year from renewable sources, in this case hot springs in Salins-les-Bains.

6.4.4 Measures taken to improve energy efficiency (GRI EN 7) (NRE Act: Art. 2.1)

Seven Caisses d'Epargne (Bourgogne Franche-Comté, Île-de-France, Loire-Centre, Lorraine Champagne-Ardenne, Normandie, Provence-Alpes-Corse and Rhône-Alpes), the two Banque Palatine subsidiaries and Crédit Foncier have taken steps to improve energy efficiency.

These include using low-energy bulbs, distributing energy-efficiency guides, identifying branches with excessive energy consumption in order to prioritize refurbishment , building all branches according to the "*Cap environnement*" programme, installing intelligent lighting, sending reminders about minimum and maximum temperatures for air conditioning, reminding staff to turn off office equipment through logout messages on workstation screens, introducing a V3 work-related stress prevention policy as part of renovation work, upgrading heating systems at the head office, reporting energy consumption figures to staff, carrying out a head-office energy audit, enhancing energy-efficiency when renovating branches (double glazing, insulation etc.), obtaining energy-saving certificates, drawing up a relamping plan (preventative maintenance of lighting systems) for the head office, reducing the number of hours during which most external signs are illuminated, continuing to install VRV[1] air-conditioning systems), installing presence detectors in lighting systems, and adjusting the illumination of external clocks.

At central sites, the following measures have been taken: adjusting heating/air-conditioning temperatures, installing low-energy bulbs, reducing lighting and heating, installing presence detectors and reviewing lighting timetables.

Two Caisses d'Epargne are planning to implement similar measures in 2010.

6.4.5 Consumption of water (EN 8, EN 10) (NRE Act: Art R. 2.1)

	Banque Populaire network	Caisse d'Epargne network	Consolidated head office data
Total water consumption *(m3)*	194,418	407,234	26,054
Consumption per workstation *(m3)*	5.96	11	15.8
Consumption of recovered water *(m3)*	500	n/a	n/a

REDUCING WATER CONSUMPTION

11 entities in the Caisse d'Epargne network have introduced measures to reduce water consumption:

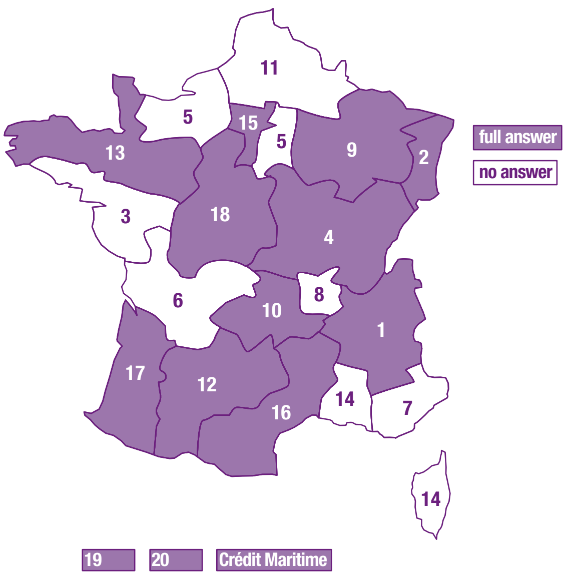
Banque Palatine, BPCE, Caisses d'Epargne d'Alsace, d'Aquitaine-Poitou-Charente, de Bourgogne Franche-Comté, de Bretagne-Pays de Loire, d'Île-de-France, de Lorraine Champagne-Ardenne, de Normandie, de Provence-Alpes-Corse and de Rhône-Alpes.

The following measures have been taken:

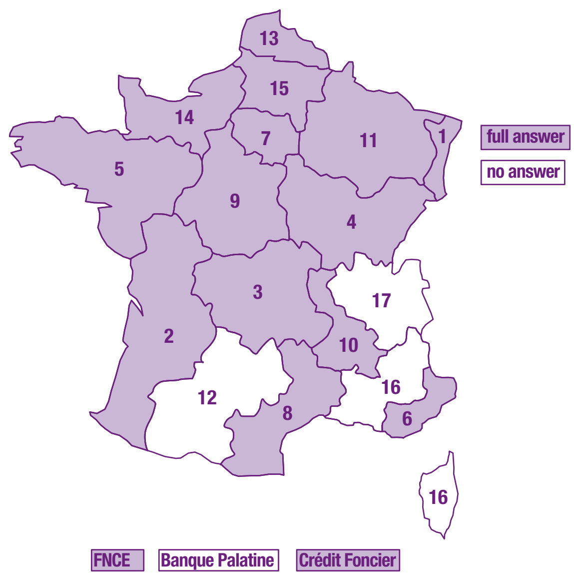
scrapping wastewater-based air conditioning systems; replacing water-based air conditioning systems within branches; reporting excessive consumption noted on energy bills, installing aerators and hand detectors in washbasins, monitoring in order to detect leaks, installing auto-shut-off taps, removing hot water taps from washbasins, adopting multi-service contracts, checking the supplier's water consumption if necessary.

(1) VRV (Variable Refrigerant Volume): air-conditioning system in which the external compressor adjusts its output to that needed by the internal installation, leading to more flexible operation and lower power consumption.

Banque Populaire banks



Caisses d'Epargne



Input scope for water consumption.

6.4.6 Measures to reduce noise and odor pollution (NRE Act: Art 2.1)

Five Caisses d'Epargne have taken steps to reduce noise and odor pollution: Bourgogne-Franche-Comté, Île-de-France, Lorraine Champagne-Ardenne, Normandie, Rhône-Alpes.

The measures taken are as follows: adopting specifications for reducing the noise made by HVAC installations, installing noise-reducing screens between offices, introducing programmed shut-down of HVAC installations at night and at weekends, and installing sound traps in the floors and ceilings of renovated branches. Measures to reduce odor pollution have also been taken: continuous-flow ventilation (CMV) systems, and ongoing acoustic surveys.

6.4.7 Measures to limit disturbances to the ecological balance, natural habitats and protected animal and plant species (GRI: EN 11, EN 12, EN 13; NRE Act: Art 2.2)

Six Banque Populaire banks including Crédit Coopératif have set up projects to protect biodiversity. The projects vary widely and include: a plan to manage the green spaces of Banque Populaire Atlantique and awards to recognize initiatives taken within two Banque Populaire banks (Alpes and Occitane).

Seven Caisses d'Epargne own a total of 2,051 hectares of forests: Aquitaine-Poitou-Charente, Auvergne Limousin, Bretagne-Pays de Loire, Loire-Drôme-Ardèche, Loire-Centre, Lorraine Champagne-Ardenne and Rhône-Alpes.

Two Caisses d'Epargne report that their forests are FSC-certified, and three others practice uncertified sustainable forest management.

6.4.8 Environmental assessments and certifications (NRE Act: Art. 2.3)

Caisses d'Epargne used the assessment and rating services of Vigeo in 2003, 2004, 2007 and 2008.

The results were published in previous reports.

Caisse d'Epargne de Bourgogne Franche-Comté has started a process to gain ISO 14001 certification.

Caisse d'Epargne de Normandie has adopted energy-efficiency accreditation for its branches, using the ADEME method, and has obtained energy-saving certificates.

All Caisses d'Epargne, with the exception of the Alsace and Île-de-France banks, have carried out carbon audits using the ADEME method.

6.4.9 Measures taken to ensure that activities comply with statutory requirements (NRE Act: Art 2.4)

Three Caisses d'Epargne, *i.e.* Bourgogne Franche-Comté, Lorraine-Champagne-Ardenne, Provence-Alpes-Corse and BPCE (Paris head office in the 13th *arrondissement*) have adopted an environmental management system with the help of an expert consultancy.

6.4.10 CO_2 emissions (EN 16, EN 17)

Banque Populaire d'Alsace was the first French bank to carry out a carbon audit in 2002. Natixis carried out its own carbon audit in 2006. Since 2009, the regional Banque Populaire banks have been undertaking a national carbon audit.

Between 2005 and 2009, all Caisses d'Epargne except two (Alsace and Île-de-France) and BPCE's Paris head office (the Avant-Seine building in the 13th *arrondissement*) carried out carbon audits, as did two Caisses d'Epargne subsidiaries (Banque Palatine and Crédit Foncier).

Nine entities in the Caisse d'Epargne network have calculated their carbon emissions in tonnes of CO_2 equivalent (teq CO_2): Auvergne Limousin, Bourgogne Franche-Comté, Bretagne-Pays de Loire, Loire-Drôme-Ardèche, Lorraine Champagne-Ardenne, Nord-France-Europe, Normandie, Picardie. The total emissions of these nine entities were 42,500 teq CO_2. An estimate made in 2008 for the all Caisse d'Epargne banks and CNCE (the Caisses d'Epargne former central body) was 265,000 teq CO_2. Ten Caisses d'Epargne have already adopted a plan to reduce their emissions.

The recommendations contained in the refurbishment specifications for Caisse d'Epargne branches include environmental criteria, including steps to reduce CO_2 emissions. Compliance with these recommendations is increasing, with 275 compliant refurbishments in 2009 as opposed to 104 in 2008.

6.4.11 Emissions of ozone-depleting substances and other significant air emissions (EN 19, EN 20)

The nature of the Banque Populaire and Caisse d'Epargne networks' activities means that they do not emit any specific polluting gases other than CO_2 (see previous indicator).

6.4.12 Water discharge (EN 21)

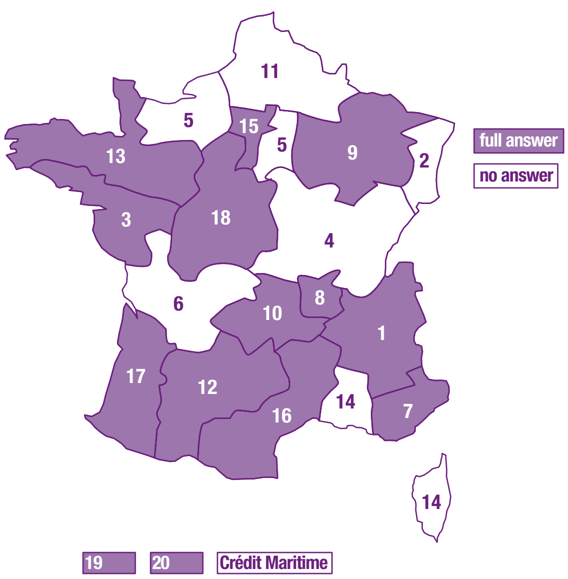
The Banque Populaire and Caisse d'Epargne banks do not currently check the quality of their wastewater. However, the nature of their activities limits the risk of water pollution.

6.4.13 Waste and CO_2 emissions (EN 22) (Art R. 2.1)

	Banques Populaire network	Caisses d'Epargne network	BPCE head offices
Ordinary industrial waste *(tones)*	3,376	2,912 (g3)	697
Special industrial waste *(tones)*	33.85	-	-
Recycled waste *(tones)*	963.22	1,771 (g4)	800

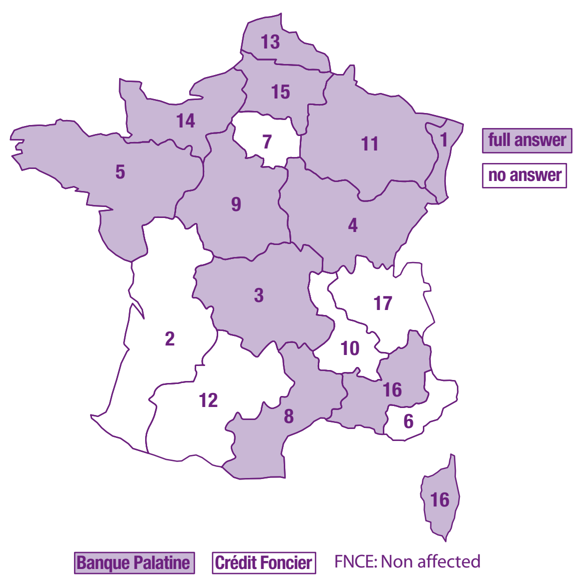
A number of initiatives have been developed within the regional Banque Populaire and Caisse d'Epargne banks to re-use waste and also help to protect the environment.

Banque Populaire banks



Input scope for the three indicators above.

Caisses d'Epargne



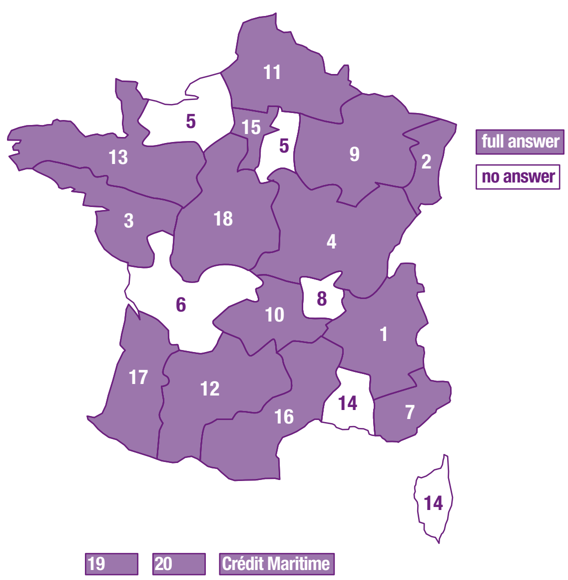
Input scope for the "paper collected for recycling" indicator.

COLLECTION OF VARIOUS MATERIALS

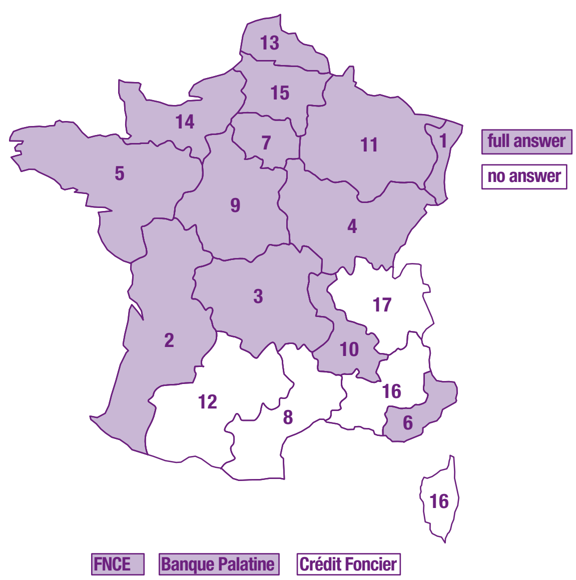
	Banque Populaire network	Caisses d'Epargne network	Head office data
Calculators	1,942[(1)]	n/a	72
Batteries	6,988[(2)]	Collected in 80% of the Caisses d'Epargne*	450
Ink cartridges	44,016[(3)]	Collected in 100% of the Caisses d'Epargne*	2,416
Electronic equipment		Collected in 73% of the Caisses d'Epargne*	
Neon fluorescent tubes		Collected in 94% of the Caisses d'Epargne*	

* *Percentage based on entities that provided data.*
(1) *Banque Populaire data and estimate of group contract data.*
(2) *Banque Populaire data and estimate of group contract data.*
(3) *Banque Populaire data and estimate of group contract data.*

Banque Populaire banks

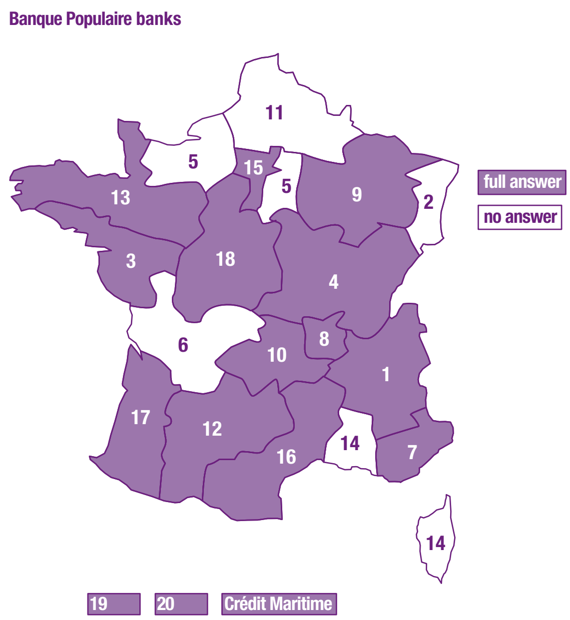


Caisses d'Epargne



Input scope for the indicators above.

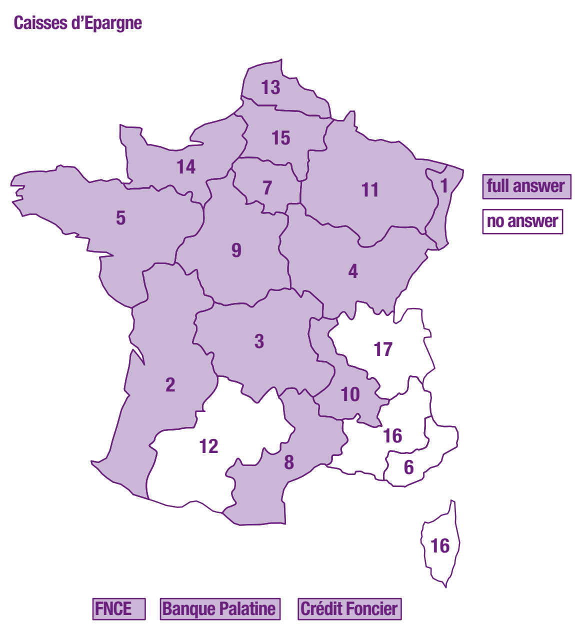
6.4.14 Environmental impacts of transporting members of the workforce (EN 29)



Input scope for the three indicators above.

	Banque Populaire network
Number of sites with a Company Travel Plan	54
Number of employees covered by these ompany Travel Plans	1,307
Total mileage allowances *(€)*	28,504,326
Business travel Kilometers travelled by car per FTE employee	n/a
Business travel Kilometers travelled by train per FTE employee	n/a
Business travel Kilometers travelled by plane per FTE employee	n/a
Car-sharing	-

BUSINESS TRAVEL BY CAR



Scope of the "business travel: kilometers travelled by car" indicator.

	Caisse d'Epargne network	BPCE
Number of sites with a Company Travel Plan	Caisse d'Epargne de Rhône-Alpes, Grenoble site	
Number of employees covered by these Company Travel Plans		
Total mileage allowances *(€)*		
Business travel Kilometers travelled by car per FTE employee	1,481	n/a
Business travel Kilometers travelled by train per FTE employee	370	n/a
Business travel Kilometers travelled by plane per FTE employee	131	n/a
Car-sharing	Normandie, Bretagne Pays de Loire and Picardie Caisse d'Epargne banks	

6.4.15 Initiatives to mitigate the environmental impact of products and services (EN 26) (Art R. 2.5)

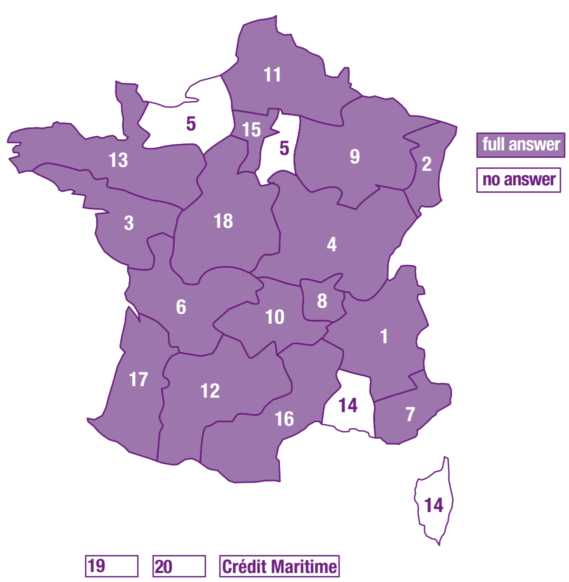
The Banque Populaire and Caisse d'Epargne networks have introduced a wide range of banking products geared towards financing environmental and solidarity-based projects.

Banque Populaire network

Solidarity-based loans outstanding (EN 26, FS7, FS8, FS14) (Art. R. 2.5)

Environmental products	Data at end-December 2009
Number of PREVair loans (total PREVair/PREVair+)	15,335
Outstanding amount of PREVair loans (total)	€202,298,070
Number of PREVair loans using LDD funds	6,991
Outstanding amount of PREVair loans using LDD funds	€88,920,146
Number of PREVair loans using CODEVair funds	8,344
Outstanding amount of PREVair loans using CODEVair funds	€113,377,924
Number of CODEVair accounts	24,020
Deposits in CODEVair accounts	€166,016,570
Number of PROVair loans	693
Outstanding amount of PROVair loans	38,146,179
Number of PREVair Auto loans	1,297
Outstanding amount of PREVair Auto loans	€8,682,752
Number of PHOTOVair loans	32
Outstanding amount of PHOTOVair loans	8,906,000
Number of 0% interest loans granted (past agreement date)	7,519

Banque Populaire banks



Crédit Coopératif solidarity-based savings and financing products

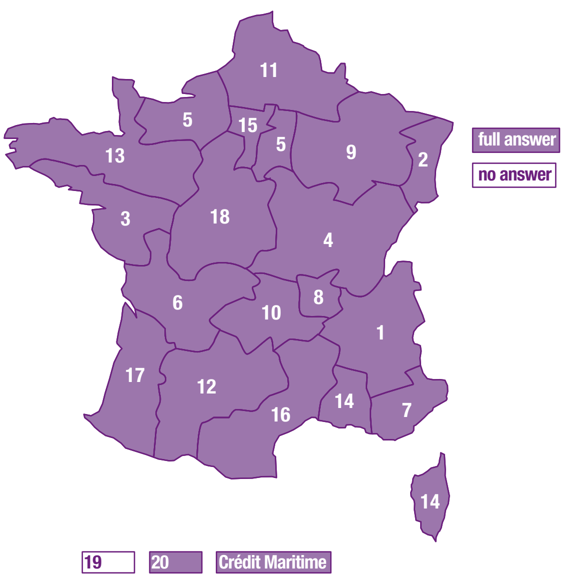
	2009
Financing granted to accredited solidarity-based companies *via* solidarity-based mutual funds	€8,705,000
Solidarity-based savings collected	€277,512,000
Solidarity-based investment	€178,584,000

Outstanding amount of microloans

	2009
ADIE microloans to small businesses	€17,438,490.41 Number of microloans: 6,056
Outstanding amount of microloans to individuals	€5,656,977

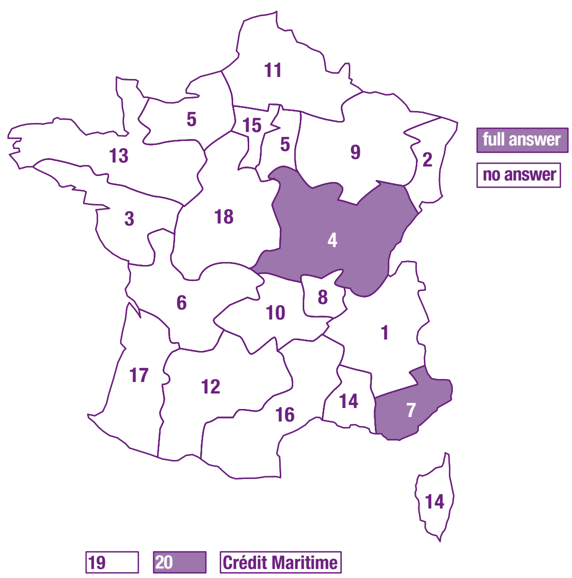
MICROLOANS TO BUSINESSES

Banque Populaire banks



MICROLOANS TO INDIVIDUALS

Banque Populaire banks



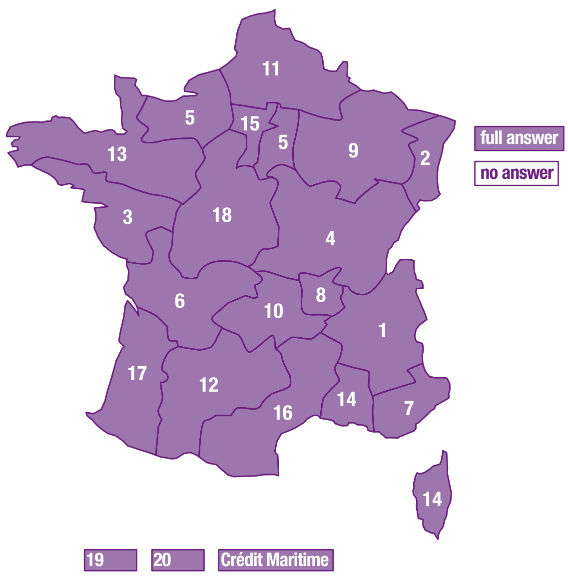
ASSETS UNDER MANAGEMENT IN SRI FUNDS DISTRIBUTED BY THE BANQUE POPULAIRE NETWORK

	2009
Assets under management in SRI funds	€2,497,379,536*
Assets under management in SRI and solidarity - based employee savings plans	€67,988,618.4**

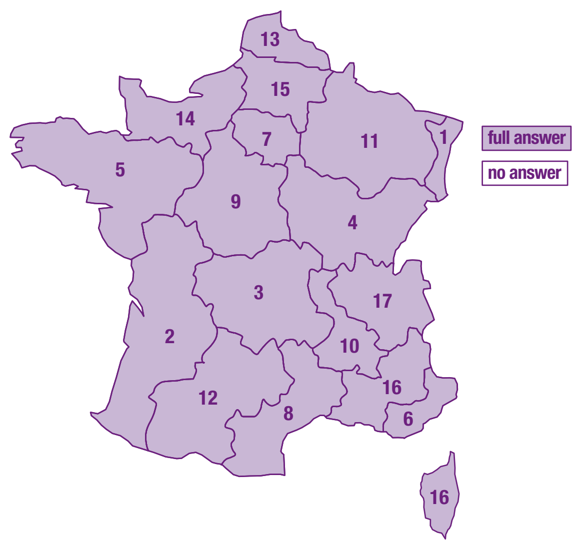
* Concerns total assets under management in SRI funds distributed by the Banque Populaire network.

** Concerns assets under management in SRI and solidarity-based employee savings plans distributed by the Banque Populaire network and includes assets managed directly by Natixis Interépargne.

Banque Populaire banks



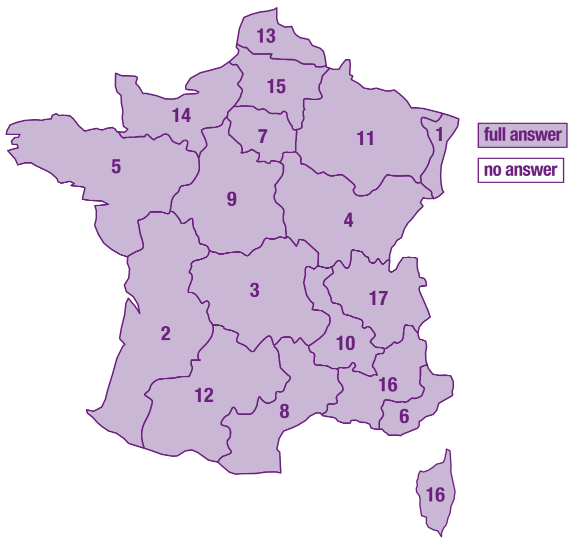
Caisses d'Epargne



Caisse d'Epargne network

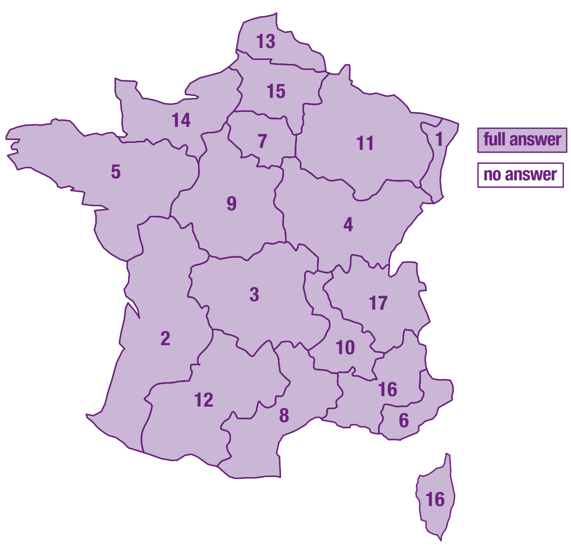
Savings distributed by the Caisses d'Epargne network	2009
Number of *Livret A Kipouss* accounts opened	103,699
Amount paid to WWF France for the protection of the Mediterranean forest	€103,699
Total savings at 12/31/2009 in sustainable development savings accounts + *Livret A* accounts not centralized by the Caisse des Dépôts	€13,024,345,567
Total outstanding SME + energy-saving loans	€16,072,819,000
Total outstanding loans for financing energy-saving renovations to old buildings (at 12/31/2009)	€245,524,000

Caisses d'Epargne



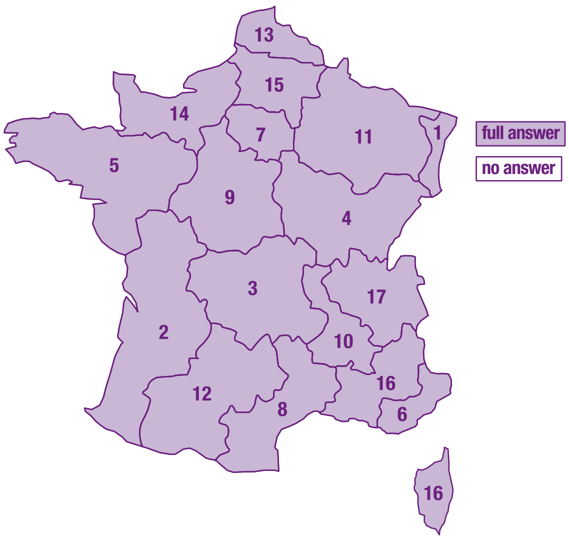
Loans	2009
Number of *Ecureuil Crédit DD* loans for energy-saving work in 2009	12,969
Value of *Ecureuil Crédit DD* loans granted/work done in 2009	€135,428,920
Number of *Ecureuil Crédit D*D loans for buying "clean" or low-pollution vehicles (categories A or B) in 2009	11,099
Value of Ecureuil Crédit DD auto loans granted in 2009	€111,581,129
Ecureuil Crédit DD loans as a percentage of all consumer loans (excluding revolving loans)	5.16%
Number of 0%-interest eco-loans (Eco-PTZ)	10,536
Amount lent under Eco-PTZ loans	€171,406,999
Number of photovoltaic equipment loans in 2009	579
Value of photovoltaic equipment loans granted	€11,734,536

Caisses d'Epargne



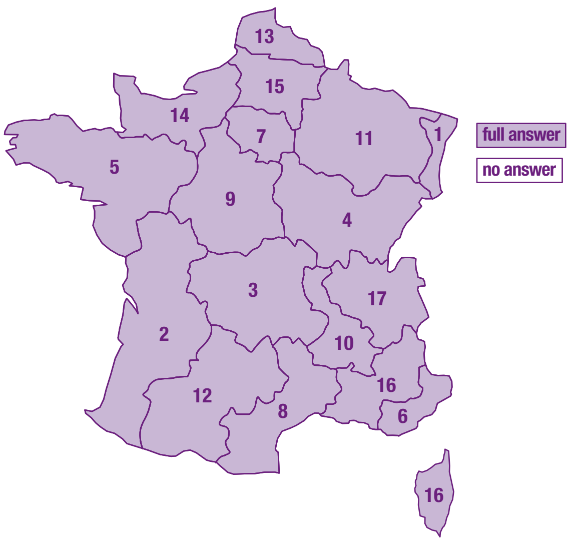
Socially responsible investing (SRI)	2009
Assets under management in SRI funds (Les Ethiques/Ecureuil Bénéfices Emploi, Ecureuil Bénéfices Responsable, Ecureuil Bénéfices Environnement + Insertion Emploi Dynamique) held by Caisse d'Epargne individual customers	€372,409,935
SRI assets under management as a percentage of all assets under management in mutual funds held by CE individual customers	2.70%
Total SRI assets under management, individuals and legal entities	€452,124,789
SRI assets under management in Palatine AM funds (Palatine Or Bleu and Palatine Climat & Environnement)	€67,680,000
SRI assets under management as a percentage of Palatine AM's total mutual-fund assets under management	1.33%

Caisses d'Epargne



Microcredit	2009
Number of microloans granted to individuals in 2009	2,926
Value of microloans granted to individuals in 2009	€5,853,333
Number of microloans granted to businesses in 2009	634
Value of microloans granted to businesses in 2009	€5,839,000
Total number of microloans to individuals at 12/31/2009	5,667
Total value of microloans to individuals at 12/31/2009	€11,334,000
Total number of microloans to businesses at 12/31/2009	1,859
Total value of microloans to businesses at 12/31/2009	€15,801,500

Caisses d'Epargne



7

GENERAL INFORMATION

7.1 General information

7.1.1 Company name

BPCE

7.1.2 Registered office

50, avenue Pierre-Mendès-France, 75013 Paris

7.1.3 Legal form

A French limited liability company (*Société Anonyme*) with a Management Board and a Supervisory Board, governed by its bylaws, the regulations applicable to commercial companies, and the French Monetary and Financial Code (*Code monétaire et financier*).

7.1.4 Date and duration of incorporation

The company was incorporated on January 22, 2007, the date on which BPCE, a non-trading company, was formed to hold the assets contributed by the Groupe Banque Populaire and the Groupe Caisse d'Epargne. The company's duration is 99 years.

7.1.5 Trade and Companies Register (RCS) and registration number

Paris Trade and Companies Register

Number: 493 455 042

NAF (business activity) code: 6419Z

7.1.6 Fiscal year

The company's fiscal year begins on January 1 and ends on December 31 of every year.

7.1.7 Appropriation of income

Distributable income is comprised of the income for the fiscal year, less any losses brought forward and any sums allocated to the legal reserve, plus any retained earnings.

The sums distributed are comprised of the distributable income plus any reserves available to the company.

If the full amount of a preferred dividend for a given year has not been distributed, no dividend may be paid to shareholders of category A or B shares during the integration period, or to any shareholders after the end of the integration period.

The Ordinary General Shareholders' Meeting, upon a proposal by the Management Board, is entitled to deduct any sums it deems suitable to be carried forward to the following year or to be allocated to one or more extraordinary, general, or special reserve funds. Any sums decided on by the General Shareholders' Meeting upon a proposal by the Management Board may be allocated to these funds. In addition, the General Shareholders' Meeting may decide, upon a proposal by the Management Board, to distribute a dividend from all or part of the sums available for distribution, under the terms and conditions set forth in the company's bylaws.

The Ordinary General Shareholders' Meeting, upon a proposal by the Management Board, may opt to grant shareholders the option of receiving some or all of their dividend in cash or in shares. This option may also be offered for interim dividends.

7.1.8 General Shareholders' Meetings

General Shareholders' Meetings are convened and meet under the conditions set forth in the applicable regulations. These meetings are held at the company's registered office or at any other place specified in the meeting notice.

Ordinary General Shareholders' Meetings convened to approve the annual financial statements for a specific fiscal year meet within the five months following the end of that fiscal year.

Only shareholders of category A, category B, and ordinary shares are entitled to participate in General Shareholders' Meetings.

To attend these meetings, shareholders must be registered by name in the shareholder register kept by the company by midnight Paris time on the fourth business day (*i.e.*, 0:00 Paris time on the third business day) prior to the General Shareholders' Meeting.

Shareholders who are not able to attend a General Shareholders' Meeting in person may select one of the following three options:

- give an instrument of proxy to another shareholder or his or her spouse;
- vote by mail; or
- send an instrument of proxy to the company without indicating the name of the proxy.

General Shareholders' Meetings are chaired by the Chairman of the Supervisory Board, or, in his absence, by the Vice-Chairman of the Supervisory Board. In the absence of both the Chairman and the Vice-Chairman, General Shareholders' Meetings are chaired by a member of the Supervisory Board appointed by the Supervisory Board for this purpose. Failing this, the General Shareholders' Meeting elects its own meeting Chairman.

The General Shareholders' Meeting appoints a set of meeting Officers.

The scrutineers consist of the two shareholders willing to carry out the task who represent, either by themselves or as proxies, the greatest number of shares. The meeting Officers appoint a secretary, who may or may not be a member of the General Shareholders' Meeting.

An attendance sheet is kept, in accordance with the conditions set forth in the applicable regulations.

The Ordinary General Shareholders' Meeting will be validly held on first calling if the shareholders present or represented own at least one-fifth of the voting shares. The Ordinary General Shareholders' Meeting will be validly held on the second calling regardless of the number of shareholders present or represented.

The deliberations of the Ordinary General Shareholders' Meeting are taken by a majority of the votes of the shareholders present or represented, including shareholders voting by mail.

The Extraordinary General Shareholders' Meeting will be validly held on first calling if the shareholders present or represented own at least one-fourth of the voting shares.

The Extraordinary General Shareholders' Meeting will be validly held on the second calling if the shareholders present or represented possess at least one-fifth of the voting shares.

The deliberations of the Extraordinary General Shareholders' Meeting are taken by a two-thirds majority of the votes of the shareholders present or represented, including shareholders voting by mail.

Ordinary and Extraordinary General Shareholders' Meetings exercise their powers under the conditions set forth in the applicable regulations.

Copies and excerpts of General Shareholders' Meetings minutes are certified by the Chairman or Vice-Chairman of the Supervisory Board, a member of the Management Board, or the secretary of the General Shareholders' Meeting.

Ordinary and Extraordinary General Shareholders' Meetings exercise their powers under the conditions set forth in the applicable regulations.

Documents relating to the company such as its bylaws, financial statements, and the Management Board and Statutory Auditor reports presented at General Shareholders' Meetings may be viewed at the company's registered office.

7.1.9 Company documents

Documents relating to the company such as its bylaws, financial statements, and the Management Board and Statutory Auditor reports presented at General Shareholders' Meetings may be viewed at the company's registered office.

7.2 Share capital

7.2.1 Share capital at December 31, 2009

The company's share capital is set at four hundred and eighty-six million four hundred and seven thousand one hundred and fifteen euros (€486,407,115).

It is divided into 32,427,141 fully paid-up shares with a par value of fifteen euros (€15) each, divided into three categories:

- 12,996,744 category A shares;
- 12,996,744 category B shares; and
- 6,433,653 category C shares.

BPCE shares are not listed or traded on any market.

7.2.2 Form and means of registration in a securities account

The shares issued by the company are registered shares.

They are recorded in a register and shareholder accounts are held by either the company or an approved intermediary.

7.2.3 Share capital breakdown at December 31, 2009

Par value: €15 per share

Shareholders	Number of shares	% of share capital	Amount of share capital (€)	Voting rights	% of voting rights
Category A shares					
CEP Alsace	335,269	1.04%	5,029,035	335,269	1.29%
CEP Aquitaine Poitou Charentes	981,799	3.03%	14,726,985	981,799	3.78%
CEP Auvergne et Limousin	510,841	1.58%	7,662,615	510,841	1.97%
CEP Bourgogne Franche-Comté	679,835	2.10%	10,197,525	679,835	2.62%
CEP Bretagne-Pays de Loire	905,159	2.79%	13,577,385	905,159	3.48%
CEP Côte d'Azur	521,861	1.61%	7,827,915	521,861	2.01%
CEP Île-de-France(1)	1,808,388	5.58%	27,125,820	1,808,388	6.96%
CEP Languedoc-Roussillon	554,104	1.71%	8,311,560	554,104	2.13%
CEP Loire Centre	603,008	1.86%	9,045,120	603,008	2.32%
CEP Loire Drome Ardèche	413,997	1.28%	6,209,955	413,997	1.59%
CEP Lorraine Champagne-Ardenne	863,322	2.66%	12,949,830	863,322	3.32%
CEP Midi-Pyrénées	631,357	1.95%	9,470,355	631,357	2.43%
CEP Nord France Europe	1,007,412	3.11%	15,111,180	1,007,412	3.88%
CEP Normandie	657,410	2.03%	9,861,150	657,410	2.53%

Shareholders	Number of shares	% of share capital	Amount of share capital (€)	Voting rights	% of voting rights
CEP Picardie	456,978	1.41%	6,854,670	456,978	1.76%
CEP Provence-Alpes-Corse	1,000,325	3.08%	15,004,875	1,000,325	3.85%
CEP Rhône-Alpes	1,065,679	3.29%	15,985,185	1,065,679	4.10%
TOTAL CATEGORY A SHARES	**12,996,744**	**40.08%**	**194,951,160**	**12,996,744**	**50.00%**
Category B shares					
BPR Alpes	527,817	1.63%	7,917,255	526,214	2.02%
BPR Alsace	587,947	1.81%	8,819,205	586,162	2.26%
BPR Atlantique	568,750	1.75%	8,531,250	567,023	2.18%
BPR Bourgogne Franche-Comté	825,888	2.55%	12,388,320	823,380	3.17%
BRED BP	1,235,110	3.81%	18,526,650	1,231,359	4.74%
BPR Centre Atlantique	388,876	1.20%	5,833,140	387,695	1.49%
BPR Côte d'Azur	323,933	1.00%	4,858,995	322,949	1.24%
BPR Loire et Lyonnais	461,633	1.42%	6,924,495	460,231	1.77%
BPR Lorraine Champagne	863,531	2.66%	12,952,965	860,909	3.31%
BPR Massif Central	360,351	1.11%	5,405,265	359,257	1.38%
BPR Nord	363,103	1.12%	5,446,545	362,000	1.39%
BPR Occitane	1,035,111	3.19%	15,526,665	1,031,968	3.97%
BPR Ouest	627,132	1.93%	9,406,980	625,228	2.41%
BPR Provençale et Corse	202,332	0.62%	3,034,980	201,718	0.78%
BPR Rives de Paris	1,161,015	3.58%	17,415,225	1,157,489	4.45%
BPR Sud	534,180	1.65%	8,012,700	532,558	2.05%
BPR Sud-Ouest	280,322	0.86%	4,204,830	279,471	1.08%
BPR Val de France	1,120,278	3.45%	16,804,170	1,116,876	4.30%
CASDEN Banque Populaire	1,246,252	3.84%	18,693,780	1,242,468	4.78%
Crédit Coopératif	262,005	0.81%	3,930,075	261,209	1.00%
Cofibred	13,196	0.04%	197,940	13,196	0.05%
Segimlor	7,870	0.02%	118,050	7,846	0.03%
Mr and Mrs Guy Bruno	51	0.00%	765	51	0.00%
Georges Doittau	23	0.00%	345	23	0.00%
Jacques Galiegue	17	0.00%	255	17	0.00%
Claude Raffetin	8	0.00%	120	8	0.00%
Robert Arnaud	7	0.00%	105	7	0.00%
Jean-Michel Laty	6	0.00%	90	6	0.00%
TOTAL CATEGORY B SHARES	**12,996,744**	**40.08%**	**194,951,160**	**12,996,744**	**50.00%**
TOTAL CATEGORY C SHARES (SPPE)[(1)]	**6,433,653**	**19.84%**	**96,504,795**	**0.0%**	
TOTAL	**32,427,141**	**100.00%**	**486,407,115**	**25,993,488**	**100.00%**

(1) *Own more than 5% of the company's share capital.*

7.2.4 Improper control

The company's corporate governance system as set forth in its bylaws and the ownership structure of its share capital strongly reduce the likelihood of improper control of the company.

7.2.5 Change in control

To BPCE's knowledge, and in accordance with European regulations, there are no agreements that could lead to a change in control of the company at a subsequent date. Article L. 512-106 of the French Monetary and Financial Code allows for the Banque Populaire banks and the Caisses d'Epargne et de Prévoyance to jointly own the absolute majority of BPCE's share capital and voting rights.

7.2.6 Employee share ownership agreements

BPCE currently has no employee share ownership agreements in place.

7.2.7 Category A and B shares

DEFINITIONS

Category A shares are shares held by the shareholders of category A, which are the Caisses d'Epargne et de Prévoyance and Caisses d'Epargne Participations (formerly Caisse Nationale des Caisses d'Epargne). Category A shares are issued by the company in accordance with Articles L. 228-11 *et seq.* of the French Commercial Code.

Category B shares are shares held by the shareholders of category B, which are the Banque Populaire banks, minority shareholders, and Banques Populaires Participations (formerly Banque Fédérale des Banques Populaires). Category B shares are issued by the company in accordance with the Articles of the French Commercial Code mentioned above.

RIGHTS OF CATEGORY A AND B SHARES

Category A and B shares have the same rights, with the exception of the special rights attributed during the integration period, as set forth in the company's bylaws. These special rights are attached to each share category, and can be exercised at Ordinary General Shareholders' Meetings.

The special rights expire at the end of the integration period, after which category A and B shares will be automatically converted into ordinary shares bearing equivalent rights.

Each category A and B share entitles its holder to one vote at General Shareholders' Meetings.

The rights of category A and B shareholders may not be changed without the approval of a General Shareholders' Meeting convened specifically for this purpose, in accordance with the applicable laws.

INTEGRATION PERIOD

Two distinct share categories were created – one for former CNCE shareholders and one for former BFBP shareholders – in order to guarantee parity for the shareholders of the two companies owning BPCE during the five-year integration period. The integration period may be extended by the General Shareholders' Meeting. After the integration period, category A and B shares will be automatically converted into ordinary shares.

In the event of a rights issue before the end of the integration period, if some category A and B shareholders do not exercise their preemptive rights during the rights issue, the other category A and B shareholders will be allowed to exercise the un-exercised preemptive rights before other shareholders.

In addition, category A and B shares may not be transferred during the integration period except for transfers among category A shareholders and among category B shareholders, subject to the preemptive rights held by other shareholders of the same category.

During the integration period, seven members of the company's Supervisory Board will be appointed from candidates proposed by category A shareholders, and seven members of the company's Supervisory Board will be appointed from candidates proposed by category B shareholders. The Supervisory Board can deliberate validly only if at least two of the members proposed by category A shareholders and at least two of the members proposed by category B shareholders are present.

7.2.8 Category C shares

DEFINITION

C shares are preferred shares issued by the company and owned by the French government through SPPE (*Société de Prise de Participation de l'État*), a French company established to recapitalize credit institutions. The C share issue matures five years from the issue date (July 31, 2009). C shares make up 19.8% of the company's share capital.

C shares are recognized as basic shareholders' equity, which is eligible as Core Tier-1 capital with no upper limit, in accordance with the French Banking Commission's General Secretariat.

PREFERRED SHARE RIGHTS

The rights of category C shareholders are set forth in Articles L. 228-11 *et seq.* of the French Commercial Code and in the company's bylaws.

In addition to the specific rights described below, category C shareholders have the same rights as ordinary shareholders (including the same rights to information), with the exception of:

- the right to vote during the company's General Shareholders' Meetings;
- preemptive rights during share issues; during share issues, category C shareholders will have the right to buy the number of C shares that will maintain their existing stake in the company; and
- the right to the dividend payable to ordinary shareholders; category C shareholders will receive a preferred dividend as explained below.

PREFERRED DIVIDEND PAYMENT CONDITIONS

C shares have no voting rights at General Shareholders' Meetings. However they are entitled to a non-cumulative preferred dividend, whose amount is determined in accordance with the company's bylaws. C shares may receive a preferred dividend only if there are sufficient distributable funds (as defined by Article L. 232-11 of the French Commercial Code) to pay the full preferred dividend as well as an ordinary divided equal to at least one eurocent per ordinary share. All dividend payments must be approved by the Ordinary General Shareholders' Meeting, and will take place only if there are no prudential events (as defined in the company's bylaws) in effect on the date of the Ordinary General Shareholders' Meeting.

The preferred dividend will be paid on the ordinary dividend payment date set by the General Shareholders' Meeting for the 2009 dividend.

BUYBACK TERMS AND CONDITIONS

The company can buy back some or all of its C shares at the buyback price set forth in the company's bylaws, at any time after the first anniversary of the C share issue date, provided that the company sends written notice to category C shareholders at least 30 days' prior to the planned buyback date, and that the transaction is approved by the French Banking Commission's General Secretariat. Nonetheless, under certain conditions specified in the company's bylaws, the company must receive prior authorization for a buyback from the French government.

The company can buy back some or all of any C shares that the French government no longer owns (either directly or indirectly) at the buyback price set forth in the company's bylaws, at any time after the tenth fiscal year following the fiscal year in which the C shares were issued, provided that the company sends written notice to category C shareholders at least 30 days' prior to the planned buyback date, and that the transaction is approved by the French Banking Commission's General Secretariat. The company's bylaws specify other financial conditions under which a buyback of C shares is permitted.

C shares may not be converted, in full or in part, into ordinary shares.

TRANSFER

During the first two years after their issue date, C shares may not be transferred in any way other than through a transfer by SPPE to the French government or to an entity fully-owned (either directly or indirectly) by the French government. After this two-year period, any transfer of C shares will be subject to the approval and preemption terms set forth in the company's bylaws, unless all the following conditions are met: SPPE has already offered to purchase at the same price all C shares planned for transfer; and the third-party transferee is not a banking institution, the subsidiary or parent company of a banking institution, or a company belonging to the same group as a banking institution.

POLITICAL RIGHTS

As a category C shareholder, the French government (including SPPE) has special representation rights on the company's Supervisory Board. The French government has therefore proposed four new Supervisory Board members, two of whom are independent. If a position on the Supervisory Board occupied by a member proposed by category C shareholders becomes vacant, the Supervisory Board will co-opt a new member proposed by the Board members representing category C shareholders.

A special meeting of category C shareholders can at any time propose to the General Shareholders' Meeting the removal of Supervisory Board members proposed by category C shareholders, and can approve any plans by the company to buy back some or all of its own shares or securities convertible into equity.

These rights are exclusive to the French government and cannot be transferred. If the French government decides to buy or transfer the majority of C shares, these rights will become null and void and the two Supervisory Board members representing the French government will be required to resign from the Board on the date the shares are bought or transferred.

7.2.9 Equity warrants

In parallel to the preferred share issue, the company issued unlisted equity warrants at a price of one eurocent per warrant. The original number of equity warrants issued was equal to 25% of the total number of outstanding A and B shares on the date that the C shares were issued.

SPPE purchased these equity warrants on the date that the C shares were issued.

RIGHTS

Each equity warrant gives its holder the right to buy one of the company's ordinary shares at an exercise price equal to the ordinary share price multiplied by the C share issue price, divided by the C share buyback price. The equity warrants may be exercised during the 90 calendar days following each anniversary of the C share issue date, starting on the fifth anniversary of the C share issue date. The exercise of these equity warrants must be approved by the French Council of Credit Institution and Investment Firms (*Comité des Établissements de Crédit et des Entreprises d'Investissement*) for the situations outlined in Article 2.1 of French Regulation 96-16 of December 20, 1996 (as amended), relating to changes in the situation of banks and investment firms other than asset management companies.

TRANSFER

SPPE may freely transfer its equity warrants to the French government or to an entity fully-owned (either directly or indirectly) by the French government. Subsequent transfers of equity warrants between the French government and entities fully-owned (either directly or indirectly) by the French government, or between entities fully-owned (either directly or indirectly) by the French government, can be undertaken freely.

Apart from the authorized equity warrant transfers described above, SPPE, the French government (in the case of a direct holding by the French government), or, in the case of an indirect holding by the French government, the corresponding holding entity cannot undertake any other transfers of the equity warrants.

BUYBACK TERMS AND CONDITIONS

If the company buys back all of its C shares, any unexercised equity warrants will automatically expire and the company will pay the French government a fee of one eurocent per expired equity warrant.

If the company buys back some of its C shares before the exercise date of the equity warrants, the number of equity warrants that can still be exercised will correspond to the number of warrants whose total exercise price is less than or equal to the issue price of all outstanding C shares calculated on that date. In this case, the equity warrants that can no longer be exercised will automatically expire, and the company will pay the French government a fee of one eurocent per expired equity warrant.

SHARES RESULTING FROM THE EXERCISE OF WARRANTS

Ordinary shares resulting from the exercise of the equity warrants will have voting rights at General Shareholders' Meetings and can be transferred freely, subject to the following three restrictions:

- they can be transferred only after a two-year period following the exercise date of the equity warrants;
- the company's other shareholders will have preemptive rights if these ordinary shares are transferred to a third party, with a substitution option; and
- they cannot be transferred to a banking institution, the subsidiary or parent company of a banking institution, or company belonging to the same group as a banking institution.

7.3 Material contracts

7.3.1 Agreements with the French government

Caisse Nationale des Caisses d'Epargne et de Prévoyance, on behalf of the Groupe Caisse d'Epargne, and Banque Fédérale des Banques Populaires, on behalf of the Groupe Banque Populaire, have signed the following agreements with the French government:

- on October 23, 2008, an agreement relating to France's new government guarantee program for the financial sector;
- on December 9, 2008, an agreement relating to the new plan for the French government to purchase the company's deeply subordinated notes; and
- on June 26, 2009, an agreement related to a new issue of subordinated notes purchased by the French government. The Groupe Caisse d'Epargne and the Groupe Banque Populaire, in exchange for refinancing facilities and equity support from the French government, have made several commitments relating to management compensation and financing for individuals, companies, and local governments. In addition, the compensation of financial market participants is governed by Title II, Chapter 1, Article 5 of French Regulation 97-02.

7.4 Investments

7.4.1 Socram Banque

Caisses d'Epargne Participation invested an additional €33.9 million in Socram Banque in 2009, bringing its stake in the bank to 33.4%.

7.4.2 Financière Océor

BPCE invested €400 million in Financière Océor through the purchase of €250 million of new shares and €150 million of hybrid securities. This investment was made to help shore up Financière Océor's capital.

7.5 Trends

There has been no marked deterioration in the growth outlook for BPCE and Groupe BPCE since February 25, 2010, the date of the most recently-published pro forma financial information.

7.6 Dependency

BPCE and Groupe BPCE are not dependent upon any specific patents, licenses, industrial procurement contracts, or commercial or financial agreements.

7.7 Significant changes

No significant changes have taken place in the financial position of BPCE and Groupe BPCE between February 25, 2010 (the date on which the pro forma financial information was published) and the date of the registration document.

7.8 Statutory Auditors' special report on regulated-party agreements

Year ended December 31, 2009

To the shareholders of

BPCE
50, avenue Pierre-Mendès-France
75013 Paris

To the shareholders,

In our capacity as Statutory Auditors, we hereby present our report on related-party agreements.

For the purposes of this report:

- "BPCE" designates the central institution formed by the merger of the Caisses d'Epargne and the Banque Populaire banks, previously named GCE NAO S.A.S., a French simplified joint-stock company (*Société par Actions Simplifiée*), then renamed CEBP S.A., a French limited liability company (*Société Anonyme*) with a Board of Directors, on April 6, 2009, then renamed BPCE on July 9, 2009 and transformed into a French limited liability company (*Société Anonyme*) with a Management Board and Supervisory Board on July 13, 2009;
- "CE Participations" designates Caisse Nationale des Caisses d'Epargne (CNCE), a French limited liability company (*Société Anonyme*) with a Management Board and Supervisory Board, renamed CE Participations, a French limited liability company (*Société Anonyme*) with a Board of Directors, on July 31, 2009, and is the holding company for all CNCE equity interests and operations not transferred to the new BPCE central institution; and
- "BP Participations" designates Banque Fédérale des Banques Populaires (BFBP), a French limited liability company (*Société Anonyme*) with a Board of Directors, renamed BP Participations on July 31, 2009, and is the holding company for all BFBP equity interests and operations not transferred to the new BPCE central institution.

Agreements approved during the year

In accordance with Article L. 225-88 of the French Commercial Code, we have been informed of the following agreements approved by the Board of Directors that was in effect between April 6, 2009 and July 31, 2009, and by the Supervisory Board that was in effect after July 31, 2009.

It is not our responsibility to ascertain the existence of such agreements, nor to comment on their relevance or substance. We are required to report to shareholders, based on the information provided to us, on the basic terms and conditions of the agreements that have been disclosed to us. Under Article R. 225-58 of the French Commercial Code, it is the shareholders' responsibility to determine whether the agreements are appropriate and should be approved.

We have carried out our work in accordance with the professional standards set forth by the French National Society of Statutory Auditors. These standards require us to verify the consistency of the information given to us with the source documents from which the information was taken.

1 Agreements related to mergers

1.1 MEMORANDUM OF UNDERSTANDING AND CONTRIBUTION AGREEMENTS BY CNCE AND BFBP IN FAVOR OF CEBP

Persons involved in the agreement: François Pérol, Chairman of the CNCE Management Board, Chairman of the CEBP Board of Directors, and Chief Executive Officer of BFBP; and Alain Lemaire, Chief Executive Officer and Management Board member of CNCE, permanent representative of CNCE, and member of the CEBP Board of Directors.

CNCE, BFBP, and CEBP have signed, in the presence of the French government, a Memorandum of Understanding for the merger of the three companies into a new central institution common to the Banque Populaire banks and the Caisses d'Epargne et de Prévoyance, temporarily named CEBP and later renamed BPCE. This Memorandum of Understanding describes the preliminary transactions required for the contributions to take place, as well as the final terms and conditions of the contributions.

The preliminary transactions include the purchase of some of the preferred shares issued by CNCE, the sale of the former HSBC regional banks to the corresponding Banque Populaire banks, and the purchase of WGZ bank's stake in BFBP, and had no impact on BPCE's 2009 financial statements. SIBP was transferred to BPCE through the contribution of SIBP shares totaling €87,236,680.

The Memorandum of Understanding was extended to include two contribution agreements establishing the terms and conditions for the partial asset contributions from CNCE and BFBP to CEBP. These contributions include all of the companies' assets, liabilities, and equity as well as the resources necessary for the new central institution governing the Banque Populaire banks and the Caisses d'Epargne et de Prévoyance to exercise its prerogatives. In exchange for these contributions, the two companies received newly-issued shares in CEBP, later renamed BPCE.

On June 24, 2009, the CEBP Board of Directors approved the Memorandum of Understanding and the two contribution agreements and gave authorization for them to be signed.

1.2 MEMORANDUM OF UNDERSTANDING FOR THE TRANSFER OF HYBRID SECURITIES

Persons involved in the agreement: François Pérol, Chairman of the CNCE Management Board and the CEBP Board of Directors; and Alain Lemaire, Chief Executive Officer and Management Board member of CNCE, permanent representative of CNCE, and member of the CEBP Board of Directors.

In addition to the items listed in the contribution agreement between CNCE and CEBP, CNCE also contributed hybrid securities to CEBP. On June 24, 2009, the CEBP Board of Directors approved the Memorandum of Understanding for the transfer of these hybrid securities and gave authorization for it to be signed.

This Memorandum of Understanding sets forth the terms and conditions for the exchange of some or all of the hybrid securities for other financial instruments before the fifth anniversary of the contribution date.

None of the hybrid securities bought on the market were exchanged in 2009; therefore, the Memorandum of Understanding had no impact on BPCE's financial statements during the year.

1.3 GUARANTEE AGREEMENT WITH FINANCIÈRE OCÉOR

Persons involved in the agreement: François Pérol, Chairman of the CNCE Management Board and the CEBP Board of Directors; and Alain Lemaire, Chief Executive Officer and Management Board member of CNCE, permanent representative of CNCE, and member of the CEBP Board of Directors.

As part of CNCE's contribution of all Financière Océor shares to CEBP, CNCE gave CEBP a guarantee for the following:

- goodwill on Océorane and the equity interests in Crédit Immobilier et Hôtelier and Massira Capital Management;
- the remaining balance that Financière Océor must pay for Océorane and Crédit Immobilier et Hôtelier; and
- the impairment of shares in the Alyseventure venture capital fund.

On June 24, 2009, the CEBP Board of Directors approved the guarantee agreement and gave authorization for it to be signed.

Under this agreement, CE Participations paid €11,045,000 to BPCE.

1.4 GUARANTEE AGREEMENT WITH BICEC

Person involved in the agreement: François Pérol, Chief Executive Officer of BFBP and Chairman of the CEBP Board of Directors.

As part of BFBP's contribution of a 59.72% stake in Banque Internationale du Cameroun pour l'Epargne et le Crédit (BICEC) to CEBP, BFBP gave CEBP a guarantee for the following:

- the book value of four commitments in BICEC's portfolio; and
- the net book value of a securities portfolio.

On June 24, 2009, the CEBP Board of Directors approved the guarantee agreement and gave authorization for it to be signed. This agreement had no impact on BPCE's 2009 financial statements.

1.5 PROPRIETARY TRADING GUARANTEE AGREEMENT

Persons involved in the agreement: François Pérol, Chief Executive Officer of BFBP, Chairman of the CNCE Management Board, and Chairman of the CEBP Board of Directors; and Alain Lemaire, Chief Executive Officer and Management Board member of CNCE, permanent representative of CNCE, and member of the CEBP Board of Directors.

As part of the contributions from CNCE and BFBP to CEBP, CNCE and BFBP gave CEBP the following guarantees:

- CNCE guaranteed that its contribution does not include any assets, liabilities, or off-balance sheet commitments in its proprietary trading portfolio, asset management portfolio, and balance sheet management portfolio; and
- BFBP guaranteed that its contribution does not include any assets, liabilities, or off-balance sheet commitments from its proprietary trading activities, apart from centralized cash management and long-term refinancing.

On June 24, 2009, the CEBP Board of Directors approved the proprietary trading guarantee agreement and gave authorization for it to be signed.

This guarantee has not been used and the agreement had no impact on BPCE's 2009 financial statements.

1.6 AMENDMENT TO THE CNP ASSURANCES SHAREHOLDERS' AGREEMENT

Persons involved in the agreement: François Pérol, Chairman of the CNCE Management Board and the CEBP Board of Directors; and Alain Lemaire, Chief Executive Officer and Management Board member of CNCE, permanent representative of CNCE, and member of the CEBP Board of Directors.

The French government, *Caisse des Dépôts et Consignations*, CNCE, and La Poste, as shareholders who together own the majority of CNP Assurances' shares and voting rights, entered into a shareholders' agreement on September 2, 1998. The parties amended the shareholders' agreement to approve the indirect transfer by CNCE of its stake in CNP Assurances to CEBP. Under Amendment 5 of the agreement, CEBP became party to the CNP Assurances shareholders' agreement. On June 24, 2009, the CEBP Board of Directors approved Amendment 5 to the CNP Assurances shareholders' agreement and gave authorization for it to be signed.

This agreement had no impact on BPCE's 2009 financial statements.

1.7 AMENDMENT TO THE SOPASSURE SHAREHOLDERS' AGREEMENT

Persons involved in the agreement: François Pérol, Chairman of the CNCE Management Board and the CEBP Board of Directors; and Alain Lemaire, Chief Executive Officer and Management Board member of CNCE, permanent representative of CNCE, and member of the CEBP Board of Directors.

La Banque Postale and CNCE created Sopassure to consolidate their equity interests in CNP, and entered into a shareholders' agreement on December 19, 2000. La Banque Postale approved the transfer by CNCE of all Holassure shares and voting rights to CEBP, as Holassure owns CNCE's entire stake in Sopassure. The parties subsequently amended the shareholders' agreement, and under Amendment 1 of the agreement BPCE became party to the Sopassure shareholders' agreement. On June 24, 2009, the CEBP Board of Directors approved Amendment 1 to the Sopassure shareholders' agreement and gave authorization for it to be signed.

This agreement had no impact on BPCE's 2009 financial statements.

1.8 AGREEMENT FOR THE TRANSFER OF ALL HOLASSURE SHARES

Persons involved in the agreement: François Pérol, Chief Executive Officer of BFBP, Chairman of the CNCE Management Board, and Chairman of the CEBP Board of Directors; and Alain Lemaire, Chief Executive Officer and Management Board member of CNCE, permanent representative of CNCE, and member of the CEBP Board of Directors.

As part of the merger between the Groupe Caisse d'Epargne and the Groupe Banque Populaire, the French government, CNCE, and BFBP entered into a Memorandum of Understanding on June 24, 2009 (see section 1.1). Article 3.1.5 of this Memorandum of Understanding provides for the transfer of all Holassure shares to CEBP. On June 24, 2009, the CEBP Board of Directors approved the agreement for the transfer of all Holassure shares and gave authorization for it to be signed.

BPCE paid €1,768,000,000 for the Holassure shares.

1.9 AMENDMENT TO THE GCE ASSURANCES SHAREHOLDERS' AGREEMENT

Persons involved in the agreement: François Pérol, Chairman of the CNCE Management Board and the CEBP Board of Directors; and Alain Lemaire, Chief Executive Officer and Management Board member of CNCE, permanent representative of CNCE, and member of the CEBP Board of Directors.

On May 14, 2008, CNCE, MURACEF, MAIF, and MACIF entered into a shareholders' agreement that sets forth various rights and obligations if one of the parties sells some or all of its shares in GCE Assurances. The parties subsequently amended the agreement so that CNCE could transfer its shares to BPCE. Under this amendment, BPCE became party to the GCE Assurances shareholders' agreement.

On June 24, 2009, the CEBP Board of Directors approved the amendment to the GCE Assurances shareholders' agreement and gave authorization for it to be signed.

This agreement had no impact on BPCE's 2009 financial statements.

2 Agreements concerning Natixis and transferred to BPCE by CE Participations and BP Participations

2.1 AGREEMENTS CONCERNING NATIXIS AND TRANSFERRED TO BPCE DUE TO THE RETROACTIVE EFFECT OF THE CONTRIBUTIONS

2.1.1 Amendment of the Natixis shareholders' agreement

As part of the shareholders' agreement entered into on November 17, 2006, CNCE and BFBP jointly acquired Natixis shares within the limits set by the AMF. The shareholders' agreement between CNCE and BFBP was terminated de facto by the creation of BPCE, Natixis' only major shareholder. The amended shareholders' agreement allows each party to purchase up to 2% of Natixis' shares and voting rights anytime between March 13, 2009 and December 31, 2009.

2.1.1.1 CNCE's approval of the amended shareholders' agreement

Person involved in the agreement: François Pérol, Chairman of the CNCE Management Board and Chief Executive Officer of BFBP.

The CNCE Supervisory Board approved the amended shareholders' agreement on March 16, 2009.

CNCE purchased 4,290,048 Natixis shares for a total of €6,282,514 between March 13, 2009 and July 31, 2009. These shares were contributed to BPCE.

2.1.1.2 BFBP's approval of the amended shareholders' agreement

Person involved in the agreement: François Pérol, Chairman of the CNCE Management Board and Chief Executive Officer of BFBP.

The BFBP Board of Directors approved the amended shareholders' agreement on March 16, 2009.

BFBP purchased 4,290,048 Natixis shares for a total of €6,282,514 between March 13, 2009 and July 31, 2009. These shares were contributed to BPCE.

2.1.2 Approval of Amendment 4 to the Natixis shareholders’ agreement

Amendment 4 to the Natixis shareholders’ agreement includes changes effective immediately to reflect the appointment of François Pérol as Chairman of the Natixis Supervisory Board on March 6, 2009, as well as changes to reflect the transformation of Natixis into a French limited liability company (*Société Anonyme*) with a Board of Directors.

The shareholders’ agreement between CNCE and BFBP was terminated de facto by the creation of BPCE, Natixis’ only major shareholder.

2.1.2.1 CNCE’s approval of Amendment 4

Person involved in the agreement: François Pérol, Chief Executive Officer of BFBP and Chairman of the CNCE Management Board.

The CNCE Supervisory Board approved Amendment 4 to the Natixis shareholders’ agreement on March 16, 2009.

2.1.2.2 BFBP’s approval of Amendment 4

Person involved in the agreement: François Pérol, Chairman of the CNCE Management Board and Chief Executive Officer of BFBP.

The BFBP Board of Directors approved Amendment 4 to the Natixis shareholders’ agreement on March 16, 2009.

These two agreements had no impact on BPCE’s 2009 financial statements.

2.1.3 Advance to the Natixis shareholders’ current account

In order to increase the level of Natixis’ prudential capital, BFBP and CNCE each agreed to grant Natixis a current account advance of 750 million, under equivalent terms and conditions.

2.1.3.1 CNCE’s approval of the current account advance

Persons involved in the agreement: François Pérol, Chairman of the CNCE Management Board and the Natixis Board of Directors; and Alain Lemaire, Chief Executive Officer and Management Board member of CNCE, and permanent representative of CNCE on the Natixis Board of Directors.

On May 13, 2009, the CNCE Supervisory Board approved the advance by CNCE to the Natixis shareholders’ current account.

2.1.3.2 BFBP’s approval of the current account advance

Persons involved in the agreement: François Pérol, Chief Executive Officer of BFBP and Chairman of the Natixis Board of Directors; Jean Clochet, member of the BFBP Board of Directors and the Natixis Supervisory Board; Steve Gentili, member of the BFBP Board of Directors and the Natixis Supervisory Board; and Bernard Jeannin, member of the BFBP Board of Directors and the Natixis Supervisory Board.

On May 13, 2009, the BFBP Board of Directors approved the advance by BFBP to the Natixis shareholders’ current account.

Natixis repaid €1 billion of these two advances on November 12, 2009. BPCE recognized a gain of €41,880,584 in its 2009 financial statements related to these advances.

2.2 AGREEMENTS CONCERNING NATIXIS ENTERED INTO DIRECTLY BY BPCE

2.2.1 Purchase of Natixis securities and the issue and purchase of undated deeply subordinated notes

Persons involved in the agreement: François Pérol, Chairman of the BPCE Management Board and the Natixis Board of Directors; Steve Gentili, member of the BPCE Supervisory Board and the Natixis Board of Directors; Francis Henry, member of the BPCE Supervisory Board and the Natixis Board of Directors; Bernard Jeannin, member of the BPCE Supervisory Board and the Natixis Board of Directors; and Didier Patault, member of the BPCE Supervisory Board and the Natixis Board of Directors.

BPCE offered to exchange bonds and other securities issued by Natixis, NBP Capital Trust I, and NBP Capital Trust III for undated deeply subordinated notes issued by BPCE. BPCE subsequently sold the Natixis securities that it received in this exchange back to Natixis, which canceled them. BPCE used all of the proceeds from the sale of these securities to buy undated deeply subordinated notes issued by Natixis of the same nominal amount. On July 31, 2009, the BPCE Supervisory Board approved the purchase of the Natixis securities and the undated deeply subordinated notes issued by Natixis.

Following this approval, BPCE purchased €827,493,190 of undated deeply subordinated notes issued by Natixis.

2.2.2 Natixis protection mechanism (Memorandum of Understanding)

Persons involved in the agreement: François Pérol, Chairman of the BPCE Management Board and the Natixis Board of Directors; Alain Lemaire, member of the BPCE Management Board and the Natixis Board of Directors; Yvan de La Porte du Theil, member of the BPCE Management Board and the Natixis Board of Directors; Steve Gentili, member of the BPCE Supervisory Board and the Natixis Board of Directors; Francis Henry, member of the BPCE Supervisory Board and the Natixis Board of Directors; Bernard Jeannin, member of the BPCE Supervisory Board and the Natixis Board of Directors; and Didier Patault, member of the BPCE Supervisory Board and the Natixis Board of Directors.

BPCE and Natixis have entered into a Memorandum of Understanding to establish a mechanism to protect Natixis against future losses and the volatility of earnings from its workout portfolio. The BPCE Supervisory Board approved the Memorandum of Understanding on August 25, 2009.

Under this Memorandum of Understanding, BPCE and Natixis have set up various agreements to guarantee a portion of the workout portfolio’s assets; the details of these agreements and their financial consequences are discussed in section 2.2.3.

2.2.3 Agreements related to the Natixis protection mechanism

Persons involved in the agreements: François Pérol, Chairman of the BPCE Management Board and the Natixis Board of Directors; Alain Lemaire, member of the BPCE Management Board and the Natixis Board of Directors; Yvan de La Porte du Theil, member of the BPCE Management Board and the Natixis Board of Directors; Nicolas Duhamel, member of the BPCE Management Board and the Natixis Board of Directors, and permanent representative of BPCE; Steve Gentili, member of the BPCE Supervisory Board and the Natixis Board of Directors; Francis Henry, member of the BPCE Supervisory Board and the Natixis Board of Directors; Bernard Jeannin, member of the BPCE Supervisory Board and the Natixis Board of Directors; and Didier Patault, member of the BPCE Supervisory Board and the Natixis Board of Directors.

On November 12, 2009, the BPCE Supervisory Board approved the following guarantee agreements concerning a portion of the workout portfolio's assets:

- a financial guarantee (sub-participation in the risk) granted by BPCE to Natixis;
- two total return swap contracts – one for assets denominated in euros and one for assets denominated in US dollars – and the ISDA Master Agreement (and its Appendix) to govern the relationship between the parties in the swap contracts; and
- a purchase option granted by BPCE to Natixis.

BPCE has received an initial premium of €367,000,000 from Natixis related to the purchase option, as well as €1,183,632,963 in cash related to the financial guarantee. BPCE recognized a €47,437,809 charge related to these agreements in its 2009 financial statements.

2.3 OTHER AGREEMENTS TRANSFERRED TO BPCE DUE TO THE RETROACTIVE EFFECT OF THE CONTRIBUTIONS

2.3.1 Purchase of Natixis Pramex International shares from Natixis

Persons involved in the agreement: François Pérol, Chairman of the BPCE Management Board and the Natixis Board of Directors; Alain Lemaire, member of the BPCE Management Board and the Natixis Board of Directors; Yvan de La Porte du Theil, member of the BPCE Management Board and the Natixis Board of Directors; Nicolas Duhamel, member of the BPCE Management Board and the Natixis Board of Directors, and permanent representative of BPCE; Steve Gentili, member of the BPCE Supervisory Board and the Natixis Board of Directors; Jean Criton, member of the BPCE Supervisory Board and the Natixis Board of Directors; Bernard Jeannin, member of the BPCE Supervisory Board and the Natixis Board of Directors; and Didier Patault, member of the BPCE Supervisory Board and the Natixis Board of Directors.

As part of the process to consolidate and simplify BPCE's organizational structure, Natixis sold its entire stake in Natixis Pramex International – *i.e.*, 33,993 shares making up 99% of Natixis Pramex International's shares and voting rights – to BPCE, in order to bring the Banque Populaire and Caisse d'Epargne banks' international operations into the merged organization.

On December 17, 2009, the BPCE Supervisory Board approved the purchase of Natixis Pramex International shares from Natixis for a total price of €2 million. The corresponding agreement was signed on December 21, 2009.

2.3.2 Agreement concerning compensation for collateral

Persons involved in the agreement: Yves Toublanc, Chairman of the CNCE Supervisory Board and the Steering committee of the Caisse d'Epargne Rhône Alpes; Jean Arondel, member of the CNCE Supervisory Board and Chairman of the Steering committee of the the Caisse d'Epargne Loire-Centre; Jean-Charles Boulanger, member of the CNCE Supervisory Board and Chairman of the Steering committee of the the Caisse d'Epargne Aquitaine Poitou-Charentes; Jean-Claude Cette, member of the CNCE Supervisory Board and Chairman of the Steering committee of the Caisse d'Epargne Provence-Alpes-Corse; Francis Henry, member of the CNCE Supervisory Board and Chairman of the Steering committee of the Caisse d'Epargne Lorraine Champagne-Ardenne; Philippe Lamblin, member of the CNCE Supervisory Board and Chairman of the Steering committee of the Caisse d'Epargne Nord France Europe; Pierre Mackiewicz, member of the CNCE Supervisory Board and Chairman of the Steering committee of the Caisse d'Epargne Côte d'Azur; Bernard Roux, member of the CNCE Supervisory Board and Chairman of the Steering committee of the Caisse d'Epargne Midi-Pyrénées; Pierre Valentin, member of the CNCE Supervisory Board and Chairman of the Steering committee of Caisse d'Epargne Languedoc-Roussillon; Maurice Bourrigaud, member of the CNCE Supervisory Board and Chairman of the Management Board of the Caisse d'Epargne d'Auvergne et du Limousin; Joël Chassard, member of the CNCE Supervisory Board and Chairman of the Management Board of the Caisse d'Epargne Normandie; Bernard Comolet, Vice-Chairman of the CNCE Supervisory Board and Chairman of the Management Board of the Caisse d'Epargne Île-de-France; Alain Denizot, member of the CNCE Supervisory Board and Chairman of the Management Board of the Caisse d'Epargne Picardie; Jean-Pierre Deramecourt, member of the CNCE Supervisory Board and Chairman of the Management Board of the Caisse d'Epargne Alsace; Alain Maire, member of the CNCE Supervisory Board and Chairman of the Management Board of the Caisse d'Epargne Bourgogne Franche-Comté; Philippe Monéta, member of the CNCE Supervisory Board and Chairman of the Caisse d'Epargne Loire Drôme Ardèche; and Didier Patault, member of the CNCE Supervisory Board and Chairman of the Management Board of the Caisse d'Epargne Bretagne-Pays de Loire.

CNCE and the Caisses d'Epargne set up a refinancing agreement with Banque de France for the Groupe Caisse d'Epargne that allows for the direct and indirect use of assets belonging to the Caisses d'Epargne. CNCE and the Caisses d'Epargne wanted to specify the conditions under which the Caisses d'Epargne will receive a small payment in return for transferring assets that are eligible for actions carried out by the European Central Bank in pursuit of its monetary policy, provided that these assets do not already generate any specific income through securities loans or repurchase agreements.

This agreement is valid for three years and is automatically renewable for further three-year periods unless formally terminated. The CNCE Supervisory Board approved the agreement with each Caisse d'Epargne on June 24, 2009.

BPCE recognized a €11,240,829 charge related to this agreement in its 2009 financial statements.

2.3.3 Successor agreement between CNCE and Banque Palatine

Persons involved in the agreement: Alain Lemaire, Chairman of the Banque Palatine Supervisory Board and Chief Executive Officer and Management Board member of CNCE.

This successor agreement allows for the transfer of CNCE's corporate clients to Banque Palatine for a price of €4 million. CNCE will be responsible for the transfer fees, which total €800,000. The CNCE Supervisory Board approved this agreement on June 24, 2009.

BPCE recognized a €4 million gain in its 2009 financial statements from the payment to CNCE under this agreement.

2.3.4 Agreements related to the Banques Populaires Covered Bonds issue

2.3.4.1 Subordinated loan agreement

Person involved in the agreement: BFBP, major shareholder and member of the Banques Populaires Covered Bonds Supervisory Board.

On January 21, 2009, the BFBP Board of Directors approved an agreement under which BFBP will grant Banques Populaires Covered Bonds a subordinated loan totaling €100 million.

This agreement has not been used and therefore had no impact on BPCE's 2009 financial statements.

2.3.4.2 Amendment to the English-language agreement with Banques Populaires Covered Bonds entitled "Hedging Approved Form Letter"

Person involved in the agreement: BFBP, a major shareholder of Banques Populaires Covered Bonds and member of the Banques Populaires Covered Bonds Supervisory Board.

On November 19, 2007, the BFBP Board of Directors approved the English-language agreement entitled "Hedging Approved Form Letter," under which Banques Populaires Covered Bonds, BFBP, and Natixis set forth the terms and conditions for any hedging contracts that may be necessary for the issue. The Board of Directors also approved an amendment to the Hedging Approved Form Letter between Banques Populaires Covered Bonds and BFBP to account for new criteria from ratings agencies for hedging contracts related to the issue.

This agreement had no impact on BPCE's 2009 financial statements.

2.3.4.3 Amendment to the calculation agent agreement with Banques Populaires Covered Bonds

Person involved in the agreement: BFBP, a major shareholder of Banques Populaires Covered Bonds and member of the Banques Populaires Covered Bonds Supervisory Board.

BFBP and Banques Populaires Covered Bonds entered into a calculation agent agreement on December 14, 2007 under which Banques Populaires Covered Bonds appointed BFBP as its calculation agent for the issue. The BFBP Board of Directors approved an amendment to this agreement on January 21, 2009 in order to correct some inaccurate statements; this amendment was signed on February 7, 2009.

This agreement had no impact on BPCE's 2009 financial statements.

2.3.4.4 Intra-group guarantee amendment

Persons involved in the agreement: Jean Clochet, Chairman of Banque Populaire des Alpes and member of the BFBP and Natixis Boards of Directors; Thierry Cahn, Chairman of Banque Populaire d'Alsace and member of the BFBP Board of Directors; Bernard Jeannin, Chief Executive Officer of Banque Populaire Bourgogne Franche-Comté and member of the BFBP and Natixis Boards of Directors; Pierre Desvergnes, Chairman of CASDEN Banque Populaire and member of the BFBP Board of Directors; Gonzague de Villèle, Chief Executive Officer of Banque Populaire Centre Atlantique and member of the BFBP Board of Directors; Bernard Fleury, Chairman of Banque Populaire Côte d'Azur and member of the BFBP Board of Directors; Jean-Louis Bancel, Chairman of Crédit Coopératif and member of the BFBP Board of Directors; Jacques Hausler, Chief Executive Officer of Banque Populaire Lorraine Champagne and member of the BFBP Board of Directors; Christian du Payrat, Chief Executive Officer of Banque Populaire du Massif Central and member of the BFBP Board of Directors; Michel Doligé, Chairman of Banque Populaire Occitane and member of the BFBP Board of Directors; Pierre Deloumel, Chairman of Banque Populaire de l'Ouest and member of the BFBP Board of Directors; François-Xavier de Fornel, Chief Executive Officer of Banque Populaire Provençale et Corse and member of the BFBP Board of Directors; Marc Jardin, Chairman of Banque Populaire Rives de Paris and member of the BFBP Board of Directors; François Moutte, Chief Executive Officer of Banque Populaire du Sud and member of the BFBP Board of Directors; and Gérard Bellemon, Chairman of Banque Populaire Val de France and member of the BFBP Board of Directors.

The BFBP Board of Directors approved an intra-group guarantee amendment on June 24, 2009 to add two new providers of real estate loan guarantees: Banque Monétaire et Financière and Compagnie Européenne de Garanties et Cautions.

This agreement was signed on November 4, 2009 and did not have an impact on BPCE's 2009 financial statements.

2.4 OTHER AGREEMENTS ENTERED INTO DIRECTLY BY BPCE

2.4.1 Outsourcing and services agreements

BPCE has entered into outsourcing and services agreements covering outsourcing and resource sharing between BPCE and CNCE and between BPCE and BFBP.

2.4.1.1 Outsourcing and services agreements between CEBP and CNCE

Persons involved in the agreement: François Pérol, Chairman of the CEBP Board of Directors and the CNCE Management Board; and Alain Lemaire, Chief Executive Officer and Management Board member of CNCE, and permanent representative of CNCE on the CEBP Board of Directors.

On June 24, 2009, the Supervisory Board approved the agreement between CEBP and CNCE and gave authorization for it to be signed.

2.4.1.2 Outsourcing and services agreements between CEBP and BFBP

Persons involved in the agreement: François Pérol, Chairman of the CEBP Board of Directors and Chief Executive Officer of BFBP; and Yvan de La Porte du Theil, Deputy Chief Executive Officer of BFBP and permanent representative of BFBP on the CEBP Board of Directors.

On June 24, 2009, the CEBP Board of Directors approved the agreement between CEBP and BFBP and gave authorization for it to be signed.

These two agreements were signed on July 31, 2009. BPCE recognized a €14,000,000 gain related to these two agreements in its 2009 financial statements.

2.4.2 Refinancing agreement with SFEF and agreements with Société Marseillaise de Crédit (SMC)

Persons involved in the agreements: Yvan de La Porte du Theil, member of the BPCE Management Board and the SMC Board of Directors; Gérard Bellemon, member of the BPCE Supervisory Board and the SMC Board of Directors; Jean Criton, member of the BPCE Supervisory Board and the SMC Board of Directors; and Steve Gentili, member of the BPCE Supervisory Board and the SMC Board of Directors.

Société de Financement de l'Économie Française (SFEF) is a company that provides liquidity to the banking system in order to allow for the normal financing of the economy (corporations, SMEs, households, and local governments). SFEF issues bonds backed by the French government to help finance credit institutions, which in exchange pledge receivables as collateral. BPCE's intra-group credit and guarantee agreements are designed to add its SMC subsidiary to the existing agreement with SFEF. The BPCE Supervisory Board approved these credit and guarantee agreements on August 25, 2009.

These agreements had no impact on BPCE's 2009 financial statements.

2.4.3 Acquisition of Natixis Algérie

Persons involved in the agreement: François Pérol, Chairman of the BPCE Management Board and the Natixis Board of Directors; Alain Lemaire, member of the BPCE Management Board and the Natixis Board of Directors; Yvan de La Porte du Theil, member of the BPCE Management Board and the Natixis Board of Directors; Steve Gentili, member of the BPCE Supervisory Board and the Natixis Board of Directors; Francis Henry, member of the BPCE Supervisory Board and the Natixis Board of Directors; Bernard Jeannin, member of the BPCE Supervisory Board and the Natixis Board of Directors; and Didier Patault, member of the BPCE Supervisory Board and the Natixis Board of Directors.

Natixis Algérie was founded 1999 (under the name Natexis Al Amena), and is fully-owned by Natixis. On August 25, 2009, the BPCE Supervisory Board approved the purchase of all Natixis Algérie shares owned by Natixis for 7,325 million Algerian dinars (DZD).

This transaction was not completed and therefore had no impact on BPCE's 2009 financial statements.

2.4.4 Purchase of undated deeply subordinated notes issued by Financière Océor

Persons involved in the agreement: François Pérol, Chairman of the BPCE Management Board and the Financière Océor Board of Directors; Yvan de La Porte du Theil, member of the BPCE Management Board and the Financière Océor Board of Directors; Nicolas Duhamel, member of the BPCE Management Board and the Financière Océor Board of Directors; and Bernard Comolet, member of the BPCE Supervisory Board and the Financière Océor Board of Directors.

Financière Océor asked BPCE to help it build up its Tier-1 capital. On November 12, 2009, the BPCE Supervisory Board approved an agreement for the purchase of €150 million of undated deeply subordinated notes issued by Financière Océor.

BPCE recognized a €1,898,630 gain related to this agreement in its 2009 financial statements.

2.4.5 Tax consolidation agreements

Three tax consolidation groups were created in 2009 – a CE Participations group, a BP Participations group, and a BPCE group – and merged into the BPCE tax consolidation group in 2010. Two tax consolidation sub-groups were also formed so that the Caisses d'Epargne and the Banque Populaire banks could keep the benefits of their regional tax consolidation systems. These measures generated tax expenses that were charged to the BPCE central institution.

The Caisses d'Epargne and the Banque Populaire banks pay a corporate income tax that is capped at the amount they would have paid if their regional consolidation system had been maintained. This arrangement allows the banks to retain their fiscal independence while keeping BPCE as the sole tax filer for the tax consolidation group.

These special agreements between BPCE, BP Participations, and CE Participations are in derogation of common law. They reallocate the tax savings related to losses reported at December 31, 2009 and certain expenses in a way that benefits BP Participations and CE Participations. They also exempt all intra-group dividends paid among BPCE, CE Participations, BP Participations, the Caisses d'Epargne, the Banque Populaire banks, and their subsidiaries.

The tax consolidation agreements set forth the rules for allocating income tax expenses and consolidation savings among the various entities in the tax consolidation group.

2.4.5.1 Tax consolidation agreement between BPCE and CE Participations

Persons involved in the agreement: François Pérol, Chairman of the BPCE Management Board and Chief Executive Officer of CE Participations; Alain Lemaire, member of the BPCE Management Board, permanent representative of BPCE, and member of the CE Participations Board of Directors; Nicolas Duhamel, member of the BPCE Management Board and Deputy Chief Executive Officer of CE Participations; Yves Toublanc, Vice-Chairman of the BPCE Supervisory Board and Chairman of the CE Participations Board of Directors; Francis Henry, member of the BPCE Supervisory Board and the CE Participations Board of Directors; Pierre Mackiewicz, member of the BPCE Supervisory Board and the CE Participations Board of Directors; Pierre Valentin, member of the BPCE Supervisory Board and the CE Participations Board of Directors; Bernard Comolet, member of the BPCE Supervisory Board and the CE Participations Board of Directors; and Didier Patault, member of the BPCE Supervisory Board and the CE Participations Board of Directors.

This agreement allocates to CE Participations the consolidation savings generated by BPCE as a result of tax savings from past and future losses at CE Participations. The BPCE Supervisory Board approved the tax consolidation agreement between BPCE and CE Participations on November 12, 2009.

This agreement went into effect on January 1, 2010 and therefore had no impact on BPCE's 2009 financial statements.

2.4.5.2 Tax consolidation agreement between BPCE and BP Participations

Persons involved in the agreement: François Pérol, Chairman of the BPCE Management Board and Chief Executive Officer of BP Participations; Yvan de La Porte du Theil, member of the BPCE Management Board, permanent representative of BPCE, and member of the BP Participations Board of Directors; Nicolas Duhamel, member of the BPCE Management Board and Deputy Chief Executive Officer of BP Participations; Philippe Dupont, Chairman of the BPCE Supervisory Board and the BP Participations Board of Directors; Thierry Cahn, member of the BPCE Supervisory Board and the BP Participations Board of Directors; Pierre Desvergnes, member of the BPCE Supervisory Board and the BP Participations Board of Directors; Gérard Bellemon, member of the BPCE Supervisory Board and the BP Participations Board of Directors; and Bernard Jeannin, member of the BPCE Supervisory Board and the BP Participations Board of Directors.

This agreement allocates to BP Participations the consolidation savings generated by BPCE as a result of tax savings from past and future losses at BP Participations. The BPCE Supervisory Board approved the tax consolidation agreement between BPCE and BP Participations on November 12, 2009.

This agreement went into effect on January 1, 2010 and therefore had no impact on BPCE's 2009 financial statements.

2.4.5.3 Tax consolidation agreements between BPCE and the Caisses d'Epargne and between BPCE and the Caisses d'Epargne's subsidiaries

Persons involved in the agreements: Corporate officers common to BPCE, the Caisses d'Epargne, and the Caisses d'Epargne's subsidiaries.

These agreements allocate the income tax expense based on sub-groups, with each sub-group comprised of a Caisse d'Epargne and any subsidiaries it may have, rather than as if each entity of the Caisse d'Epargne banks was taxable independently. The BPCE Supervisory Board approved the tax consolidation agreements between BPCE and the Caisses d'Epargne and between BPCE and the Caisses d'Epargne's subsidiaries on November 12, 2009.

These agreements went into effect on January 1, 2010 and therefore had no impact on BPCE's 2009 financial statements.

2.4.5.4 Tax consolidation agreements between BPCE and the Banque Populaire banks, between BPCE and the Banque Populaire banks' subsidiaries, and between BPCE and the Banque Populaire banks' affiliates

Persons involved in the agreements: Corporate officers common to BPCE, the Banque Populaire banks, and the Banque Populaire banks' subsidiaries and affiliates.

These agreements allocate the income tax expense based on sub-groups, with each sub-group comprised of a Banque Populaire bank and any subsidiaries it may have, rather than as if each entity of the Banque Populaire banks was taxable independently. The BPCE Supervisory Board approved the tax consolidation agreements between BPCE and the Banque Populaire banks, between BPCE and the Banque Populaire banks' subsidiaries, and between BPCE and the Banque Populaire banks' affiliates on November 12, 2009.

These agreements went into effect on January 1, 2010 and therefore had no impact on BPCE's 2009 financial statements.

2.4.5.5 Tax consolidation agreements between BPCE and the subsidiaries of both CE Participations and BP Participations

Persons involved in the agreements: Corporate officers common to BPCE and the subsidiaries of both CE Participations and BP Participations.

These agreements allocate the income tax expense among the entities in the tax consolidation group and include clauses limiting the use and repayment of tax credits. The BPCE Supervisory Board approved the tax consolidation agreements between BPCE and the subsidiaries of both CE Participations and BP Participations on November 12, 2009.

These agreements went into effect on January 1, 2010 and therefore had no impact on BPCE's 2009 financial statements.

2.4.5.6 Tax consolidation agreements between BPCE and its subsidiaries

Persons involved in the agreements: Corporate officers common to BPCE and its subsidiaries.

These agreements allocate the income tax expense among the entities in the tax consolidation group and include the procedure for calculating tax credits.

The BPCE Supervisory Board approved the tax consolidation agreements between BPCE and its subsidiaries on November 12, 2009.

BPCE recognized a €10,520,000 tax consolidation gain related to these agreements in its 2009 financial statements.

Agreements approved in prior years and still in effect during the year

Furthermore, in accordance with the French Commercial Code, we were informed of the following agreements approved in prior years by CNCE and BFBP that were in effect at BPCE during the past year due to the retroactive effect of the contributions.

1 Agreements transferred to BPCE due to its role as central body and the retroactive nature of contributions

1.1 BILLING AGREEMENTS IN RESPECT OF ITS ROLE AS CENTRAL BODY

Agreements were signed between certain subsidiaries and CNCE concerning the latter's duties as central body and stipulating compensation dedicated to the performance of these duties.

1.1.1 Agreement between CNCE and Crédit Foncier de France

At its meeting on September 12, 2007, the Supervisory Board approved the signing of a billing agreement between CNCE and Crédit Foncier de France.

BPCE recognized a corresponding amount of income of €2,193,273 in its 2009 financial statements in relation to this agreement.

1.1.2 Billing agreement between CNCE and Banque Palatine

At its meeting on September 12, 2007, CNCE's Supervisory Board approved the signing of a billing agreement between CNCE and Banque Palatine.

BPCE recognized a corresponding amount of income of €574,218 in its 2009 financial statements.

1.1.3 Billing agreement between CNCE and Financière Océor

At its meeting on September 12, 2007, CNCE's Supervisory Board approved the signing of a billing agreement between CNCE and Financière Océor.

BPCE recognized a corresponding amount of income of €763,997 in its 2009 financial statements.

1.1.4 Services agreement between CNCE and Financière Océor

1.1.4.1 Back-office management of loan transactions agreement between CNCE and Financière Océor

Financière Océor is responsible for the back-office management of lending activities and first-tier accounting controls of certain loan transactions and specific services on behalf of CNCE. 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.

BPCE recognized a corresponding expense of €119,600 in its 2009 financial statements.

1.1.4.2 Back-office management of market transactions agreement between CNCE and Financière Océor

This agreement, signed on June 22, 2006, governs back-office services provided by CNCE to Financière Océor concerning market transactions (securities and credit portfolio), including related first-tier accounting controls.

BPCE recognized a corresponding amount of income of €100,000 in its 2009 financial statements.

1.2 EMPLOYMENT CONTRACTS

1.2.1 Alain Lacroix's employment contract

At its meeting on September 29, 2006, CNCE's Supervisory Board approved the signing of a contract between CNCE and Alain Lacroix to employ Alain Lacroix as the head of the Corporate Development division, effective as of November 17, 2006.

Alain Lacroix stood down from his role as member of CNCE's Management Board and took up his duties as Chairman of the Executive Board of Caisse d'Epargne Provence-Alpes-Corse as of June 1, 2009. This marked the end of his duties as head of the Corporate Development division.

Alain Lacroix received basic compensation of €126,798 for the period from January 1 to May 31, 2009.

1.2.2 Guy Cotret's employment contract

At its meeting on January 21, 2004, CNCE's Supervisory Board approved the signing of a contract between CNCE and Guy Cotret to employ Guy Cotret as Director of the Human Resources and Banking Operations division, effective as of January 1, 2004.

The employment contract ended at the time he stood down from his duties as a member of the CNCE Management Board as decided by the CNCE General Shareholders' Meeting of July 31, 2009.

Guy Cotret received basic compensation of €209,336 for the period from January 1 to May 31, 2009.

1.3 TERMINATION OF SERVICE ALLOWANCES PAID TO PHILIPPE DUPONT AND BRUNO METTLING

At its meeting on December 16, 2008, the Board of Directors of BFBP approved the signing of two contracts between BFBP and Philippe Dupont and between BFBP and Bruno Mettling. Under the terms of these contracts, in the event of a forced departure (non-renewal or revocation of their term of office) not relating to the collapse of the company or action on their part, Mr Dupont and Mr Mettling shall receive compensation subject to performance criteria and capped at two years' salary (fixed and variable), provided that the Banque Populaire Group's consolidated net profit or Tier-1 ratio is 8% higher than the year preceding the termination of their term of office.

These agreements have not been implemented and therefore did not have a financial impact on BPCE's 2009 financial statement.

1.4 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, CNCE's 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. The agreement was signed on July 18, 2005.

Alain Lacroix was a beneficiary of this top-up pension plan up to May 31, 2009, and Guy Cotret up to July 31, 2009.

2 Agreements concerning Natixis and transferred to BPCE

2.1 MASTER CREDIT AND FINANCIAL GUARANTEE AGREEMENTS BETWEEN NATIXIS AND CNCE AND BETWEEN NATIXIS AND BFBP IN RELATION TO THE FRENCH GOVERNMENT'S PROGRAM TO SUPPORT FINANCIAL INSTITUTIONS

The purpose of these agreements is to enable Natixis to borrow from CNCE and BFBP in exchange for providing collateral.

2.1.1 Master intra-group financial guarantee agreement

The guarantee agreement does not provide for any compensation. This therefore has no impact on BPCE's 2009 financial statements.

2.1.2 Master intra-group credit agreement

This concerns mirror loans, subject to the same terms as the agreements signed by CNCE and BFBP with Société de Financement de l'Économie Française (SFEF).

At December 31, 2009, the nominal amount of loans granted by BPCE to Natixis in respect of this agreement was €4,676,783,226.

2.2 BILLING AGREEMENT RELATING TO NATIXIS'S AFFILIATION TO CNCE AND BFBP

On the basis of the agreement affiliating Natixis to CNCE and to BFBP signed on April 2, 2007 and in their capacity as central body, CNCE and BFBP are responsible for ensuring the correct running of Natixis. The valuation and billing of costs incurred by CNCE and BFBP in relation to this are subject to a billing agreement.

BPCE recognized a profit of €13,246,265 in its 2009 financial statements in relation to this agreement.

2.3 JOINT AND SEVERAL GUARANTEE AGREEMENT BETWEEN CNCE AND NATIXIS

On the day of this transaction, 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, CNCE and CDC IXIS Capital Markets entered into an agreement by which 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. CNCE may unilaterally terminate this agreement provided that it announces its intention six months before the termination becomes effective. This guarantee was approved by CNCE's Supervisory Board at its September 30, 2004 meeting. Following the merger of Ixis Corporate & Investment Bank into Natixis, this guarantee was renewed in favor of Natixis.

This agreement has no impact on BPCE's 2009 financial statements.

3 Agreements relating to the GCE Covered Bonds and Banques Populaires Covered Bonds issue programs

3.1 GCE COVERED BONDS: COLLATERAL SECURITY AGREEMENT BETWEEN CNCE, GCE COVERED BONDS AND THE OTHER SECURITY PROVIDERS (CFF AND THE INDIVIDUAL CAISSE D'EPARGNE BANKS)

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 CNCE, GCE Covered Bonds and Natixis;
- receivables pledge agreement between CNCE, GCE Covered Bonds and Natixis;
- dealer agreement between CNCE, GCE Covered Bonds and Natixis;
- asset monitoring agreement between CNCE, GCE Covered Bonds and Natixis;
- master definitions and construction agreement between CNCE, GCE Covered Bonds and Natixis;
- GCE Covered Bonds borrower facility agreement.

None of these agreements impacted BPCE's 2009 financial statements.

3.2 BANQUES POPULAIRES COVERED BONDS (BPCB)

3.2.1 Agreements relating to the covered bonds issue program

- master credit and financial guarantee agreement with BFBP, Natixis and the Banque Populaire banks concerned;
- asset monitoring and listing agent agreements;
- agreement to pledge bank account balances and financial instrument accounts in favor of Natixis, to guarantee covered bond obligations.

An expense of €1,542,510 was recognized in BPCE's 2009 financial statements relating to the application of the master credit and financial guarantee agreement. The other three agreements had no impact on BPCE's 2009 financial statements.

3.2.2 Agreements relating to the management and administration functions of Banques Populaires Covered Bonds

- an account holding and cash management agreement with Natixis;
- an administrative agent agreement with BFBP;
- a calculation agent agreement with BFBP;
- a paying agent agreement.

BPCE recognized a profit of €239,200 in its 2009 financial statements relating to the application of these agreements.

4 Other agreements transferred to BPCE

4.1 CIFG HOLDING COMMUTATION AGREEMENT

CNCE, BFBP, Natixis and the main counterparties of CIFG Holding decided to adopt a commutation agreement under which the Groupe Banque Populaire and the Groupe Caisse d'Epargne, as shareholders of CIFG, agree to abandon almost their entire investment in CIFG, and the main counterparties, including Natixis, waiver their guarantee from the credit enhancer in exchange for the payment of a dividend and shares in CIFG.

This agreement, authorized by CNCE's Supervisory Board on December 18, 2008 and by BFBP's Board of Directors on December 16, 2008, was implemented following its signing on January 21, 2009.

This agreement has no impact on BPCE's 2009 financial statements.

4.2 GUARANTEE GIVEN BY CNCE TO NATIXIS ASSET MANAGEMENT (FORMERLY IXIS ASSET MANAGEMENT)

CNCE (representing the rights of CDC IXIS following the New Foundations project of December 31, 2004) granted Natixis 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. This agreement has no impact on BPCE's 2009 financial statements.

4.3 TWO AGREEMENTS ENTERED INTO WITHIN THE SCOPE OF THE NEW GUARANTEE GRANTED BY CNCE (REPRESENTING THE RIGHTS OF CDC IXIS FOLLOWING THE NEW FOUNDATIONS PROJECT OF DECEMBER 31, 2004) TO NATIXIS STRUCTURED PRODUCTS TO CREATE A SPECIAL PURPOSE VEHICLE (SPV)

These agreements were signed following the sale of 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 CNCE and Natixis Capital Markets to include this SPV within the scope of this letter of undertaking;
- a joint and several guarantee between CNCE and Natixis Structured Products enabling the guarantee provided by CNCE to be transferred to Natixis Structured Products.

These agreements have no impact on BPCE's 2009 financial statements.

4.4 GUARANTEE GRANTED BY AEW EUROPE TO CNCE (REPRESENTING THE RIGHTS OF CDC IXIS FOLLOWING THE NEW FOUNDATIONS PROJECT OF DECEMBER 31, 2004)

IXIS AEW Europe granted a guarantee on the EPI fund (a €500 million fund established by AEW Europe) following the payment by CNCE of €50 million into this fund.

This agreement has no impact on BPCE's 2009 financial statements.

4.5 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 CNCE, acting as the central institution of the Caisse d'Epargne network and on behalf of Banque Palatine.

This agreement has no impact on BPCE's 2009 financial statements.

4.6 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 CNCE, acting on behalf of the Groupe Caisse d'Epargne.

This agreement has no impact on BPCE's 2009 financial statements.

4.7 PARTNERSHIP WITH OLYMPIQUE DE MARSEILLE

At its December 18, 2008 meeting, CNCE's Supervisory Board approved the signing of the payment authorization agreement, under which CNCE agrees to pay CEPAC the sum of €200,000 a year for a period of three years. The CNCE shall authorize CEPAC to pay this sum due to Olympique de Marseille in respect of a co-branded Visa card distribution agreement.

BPCE, representing the rights of CNCE, recognized a €200,000 charge for this partnership arrangement in its 2009 financial statements.

4.8 PARTNERSHIP AGREEMENT WITH CRÉDIT IMMOBILIER ET HÔTELIER (CIH)

At its November 13, 2007 meeting, CNCE's Supervisory Board approved the signing of a partnership agreement with 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's companies wishing to participate in the joint commercial offer.

This agreement has no impact on BPCE's 2009 financial statements.

Agreements without prior authorization

We hereby report on agreements and commitments subject to Article L. 225-90 of the French Commercial Code.

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.

1 Agreements relating to SFEF

People concerned on the date of the transaction: François Pérol, Chairman of BPCE's Management Board and also Chairman of Natixis's Board of Directors; Alain Lemaire, member of BPCE's Management Board and member of Natixis's Board of Directors; Yvan de La Porte du Theil, member of BPCE's Management Board and member of Natixis's Board of Directors; Steve Gentili, member of BPCE's Supervisory Board and member of Natixis's Board of Directors; Francis Henry, member of BPCE's Supervisory Board and member of Natixis's Board of Directors; Bernard Jeannin, member of BPCE's Supervisory Board and member of Natixis's Board of Directors; Didier Patault, member of BPCE's Supervisory Board and member of Natixis's Board of Directors.

1.1 ALLOCATION AGREEMENT BETWEEN BPCE, NATIXIS, NATIXIS TRANSPORT FINANCE AND SFEF

Within the framework of the implementation of the master credit agreements and master financial guarantee agreements signed on November 14, 2008, and in order to allow for the settlement of receivables allocated as collateral, an allocation account was opened specifically in favor of SFEF and is subject to an agreement between Natixis, Natixis Transport Finance, SFEF and BPCE (representing the rights of CNCE and BFBP), signed on September 21, 2009.

At December 31, 2009, outstanding receivables given as guarantees to SFEF by BPCE amounted to €6,146,608,330.

1.2 REPRESENTATION MANDATE AGREEMENT BETWEEN BPCE AND NATIXIS

Within the framework of the allocation agreement mentioned above, Natixis has given authority to BPCE to carry out in its name and on its behalf all transactions relating to the implementation of this agreement. The mandate agreement signed on September 21, 2009 expires on December 31, 2014.

This agreement has no impact on BPCE's 2009 financial statements.

2 Amendment to MiFID agreement

People concerned on the date of the transaction: François Pérol, Chairman of BPCE's Management Board and also Chairman of Natixis's Board of Directors; Alain Lemaire, member of BPCE's Management Board and member of Natixis's Board of Directors; Yvan de La Porte du Theil, member of BPCE's Management Board and member of Natixis's Board of Directors; Steve Gentili, member of BPCE's Supervisory Board and member of Natixis's Board of Directors; Francis Henry, member of BPCE's Supervisory Board and member of Natixis's Board of Directors; Bernard Jeannin, member of BPCE's Supervisory Board and member of Natixis's Board of Directors; Didier Patault, member of BPCE's Supervisory Board and member of Natixis's Board of Directors; and Jean-Marc Carcéles, member of CNCE's Supervisory Board and director of Crédit Foncier de France.

At its December 14, 2006 meeting, the Supervisory Board approved the signing of a memorandum of understanding between 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.

On November 20, 2009, BPCE (representing the rights of CNCE), Natixis (representing the rights of IXIS CIB) and Crédit Foncier de France signed an amendment to the agreement specifying the obligations resulting from the MiFID directive for derivatives activities.

This agreement has no impact on BPCE's 2009 financial statements.

3 Amendment to the "Package PLS – Package PLI" agreement with Crédit Foncier de France (CFF)

People concerned on the date of the transaction: Alain Lemaire, member of the CNCE Management Board and director of CFF, Guy Cotret, member of the CNCE Management Board and director of CFF, Jean-Marc Carcéles, member of the CNCE Supervisory Board and director of CFF.

CNCE and CFF signed the "Package PLS and Package PLI" partnership agreement on December 14, 2005, to implement a new strategy for the distribution of regulated loans ("PLS" social housing loans and "PLI" intermediate rental loans). The parties decided to modify the agreement in 2009 by means of an amendment, with the main changes relating to the extension of the scope of the loans concerned and changes to the rules for calculating commission fees.

This agreement has no impact on BPCE's 2009 financial statements.

4 Amendment to the financial intermediary agreement for local authorities and institutions clients

People concerned on the date of the transaction: Alain Lemaire, member of the CNCE Management Board and director of CFF, Guy Cotret, member of the CNCE Management Board and director of CFF, Jean-Marc Carcéles, member of the CNCE Supervisory Board and director of CFF.

On June 19, 2008, CNCE, Crédit Foncier and Compagnie de Financement Foncier signed a financial intermediary agreement for local authority and institutional clients, which took effect on January 1, 2007. The main aim of this agreement was to define the terms of commission fees paid to the Caisses d'Epargne in their role as financial intermediaries for the CFF Group, which holds the loans give to local authority and institutional clients in its balance sheet.

In view of financial and banking conditions resulting in the general lack of market benchmarks for medium to long-term bond issues as of September 2008, the parties met in 2009 to amend the clauses relating to commission fees.

This agreement has no impact on BPCE's 2009 financial statements.

5 Partnership agreement with Crédit Immobilier et Hôtelier (CIH)

People concerned on the date of the transaction: François Pérol, Chairman of the BPCE Management Board and director of Crédit Immobilier et Hôtelier (CIH).

At its November 13, 2007 meeting, CNCE's Supervisory Board approved the signing of a partnership agreement with 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. In order to continue with this partnership, the parties decided on January 20, 2010, to sign a new partnership agreement under the same terms as the previous agreement with retroactive effect as of August 1, 2009.

This agreement has no impact on BPCE's 2009 financial statements.

In light of the implementation schedule for these agreements, it was not possible to submit them for prior authorization by the BPCE Supervisory Board before they were signed.

Paris La Défense and Neuilly-sur-Seine, May 4, 2010

The Statutory Auditors

KPMG Audit	PricewaterhouseCoopers Audit	Mazars
Department of KPMG S.A. 1, cours Valmy 92923 Paris-La Défense Cedex	63, rue de Villiers 92208 Neuilly-sur-Seine Cedex	61, rue Henri-Regnault 92075 Paris La Défense Cedex
Fabrice Odent Marie-Christine Jolys	Anik Chaumartin Agnès Hussherr	Michel Barbet-Massin Charles de Boisriou

7.9 Temporary contributions of capital by the French government

The creation of BPCE was accompanied by the subscription by the French government *via Société de Prise de Participation de l'État* (SPPE), a state-sponsored vehicle for reinforcing bank capital, to preferred stock issued by BPCE in the amount of €3 billion. The dividend paid on these shares in respect of 2009 will be voted on at the BPCE Annual General Meeting of May 28, 2010.

Prior to the creation of Groupe BPCE, the French government subscribed *via Société de Prise de Participation de l'État* (SPPE) to €4.05 billion of super-subordinated notes (TSS):

- €2.05 billion issued on December 11, 2008 by Banque Fédérale des Banques Populaires (€950 million) and Caisse Nationale des Caisses d'Epargne (€1.1 billion), the two former central bodies of the Groupe Banque Populaire and the Groupe Caisse d'Epargne;
- €2 billion issued on June 26, 2009 by Banque Fédérale des Banques Populaires (€1 billion) and Caisse Nationale des Caisses d'Epargne (€1 billion).

These four super-subordinated note issues were transferred to BPCE on the creation of Groupe BPCE on July 31, 2009. The outstanding amount of super-subordinated notes was reduced to €3.3 billion at December 31, 2009 following the purchase in the fourth quarter of 2009 of €750 million of super-subordinated notes thanks to the proceeds of a super-subordinated note issue of a similar amount in October 2009. The total amount due to SPPE relating to super-subordinated notes in respect of 2009 is €251.9 million.

These contributions of capital are temporary and not intended as a long-term investment. In this regard, BPCE has an option to buy preferred shares at any time from the first anniversary of their issue and an option to buy super-subordinated notes at any time, remembering that the buying back of super-subordinated notes began in the fourth quarter of 2009.

The repayment of temporary contributions of capital by the French government will take place over the strategic period of 2010-13 for Groupe BPCE, with the repayment of preferred shares beginning in 2010.

7.10 Persons responsible for auditing the financial statements

7.10.1 BPCE and Groupe BPCE

PricewaterhouseCoopers Audit	**KPMG Audit**	**Mazars**
63, rue de Villiers	Département de KPMG SA	61, rue Henri-Regnault
92208 Neuilly-sur-Seine Cedex	1, cours Valmy	92075 Paris La Défense Cedex
	92923 Paris La Défense Cedex	

PRICEWATERHOUSECOOPERS AUDIT

The General Meeting of CEBP (whose name was changed to BPCE following its Combined Ordinary and Extraordinary General Meeting of July 9, 2009) of July 2, 2009, voting under the conditions of quorum and majority applicable to an Ordinary General Meeting, decided to appoint PricewaterhouseCoopers Audit for a period of six fiscal years, *i.e.* until the Ordinary General Shareholders' Meeting to be held in 2015, convened to approve the financial statements for the year ended December 31, 2014.

PricewaterhouseCoopers Audit is represented by Mrs Agnès Hussherr and Mrs Anik Chaumartin.

Alternate Statutory Auditor appointed by the Combined Ordinary and Extraordinary General Meeting of July 9, 2009: Étienne Boris, residing at 63, rue de Villiers, 92208 Neuilly-sur-Seine Cedex, for a period of six fiscal years, *i.e.* until the Ordinary General Shareholders' Meeting to be held in 2015, convened to approve the financial statements for the year ended December 31, 2014.

KPMG AUDIT

The General Meeting of CEBP (whose name was changed to BPCE following its Combined Ordinary and Extraordinary General Meeting of July 9, 2009) of July 2, 2009, voting under the conditions of quorum and majority applicable to an Ordinary General Meeting, decided to appoint KPMG Audit for a period of six fiscal years, *i.e.* until the Ordinary General Shareholders' Meeting to be held in 2015, convened to approve the financial statements for the year ended December 31, 2014.

KPMG Audit is represented by Mrs Marie-Christine Jolys and Mr Fabrice Odent.

Alternate Statutory Auditor: Isabelle Goalec, residing at 1, cours Valmy, 92923 Paris La Défense Cedex, for a period of six fiscal years, *i.e.* until the Ordinary General Shareholders' Meeting to be held in 2015, convened to approve the financial statements for the year ended December 31, 2014.

MAZARS

Mazars was appointed directly in the initial bylaws of GCE Nao, at the time of its incorporation, (whose name was changed to CEBP by decision of the sole shareholder on April 6, 2009 and then BPCE following the Combined Ordinary and Extraordinary General Meeting of CEBP on July 9, 2009) following the authorization given by the Management Board of Caisse Nationale des Caisses d'Epargne to its Chairman to sign the bylaws of GCE Nao and all instruments necessary for its incorporation. The term of this appointment is six years, *i.e.* until the Ordinary General Shareholders' Meeting to be held in 2013, convened to approve the financial statements for the year ended December 31, 2012.

Mazars is represented by Michel Barbet-Massin and Charles De Boisriou.

Alternate Statutory Auditor: Anne Veaute, residing at 61, rue Henri Regnault, 92075 Paris La Défense Cedex, for a period of six fiscal years, *i.e.* until the Ordinary General Shareholders' Meeting to be held in 2013, convened to approve the financial statements for the year ended December 31, 2012. PricewaterhouseCoopers Audit (642010045 RCS Nanterre), KPMG Audit (775726417 RCS Paris) and Mazars (784824153 RCS Nanterre) are registered as Statutory Auditors, members of the Compagnie Régionale des Commissaires aux Comptes de Versailles and under the authority of the Haut Conseil du Commissariat aux Comptes.

7.10.2 Fees paid to the Statutory Auditors

Including non-deductible taxes, expenses and out-of-pocket expenses. *Excl. tax, in thousands of euros*	PricewaterhouseCoopers Audit				Mazars				KPMG			
	2009		2008 pro forma		2009		2008 pro forma		2009		2008 pro forma	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Audit												
Statutory audit, review of parent company and consolidated financial statements	**3,360**	**58%**	**3,333**	**80%**	**4,238**	**93%**	**3,741**	**87%**	**5,758**	**95%**	**4,737**	**79%**
• Issuer(*)	231	4%	0	0%	231	5%	3	0%	233	4%	0	0%
• Fully consolidated subsidiaries	3,396	55%	3,328	80%	4,007	88%	3,738	87%	5,525	91%	4,737	79%
• Proportionately consolidated subsidiaries	3	0%	5	0%	0	0%	0	0%	0	0%	0	0%
Other audit procedures and incidental assignments relating directly to the statutory audit engagement	**1,373**	**22%**	**81**	**2%**	**226**	**5%**	**136**	**3%**	**217**	**4%**	**658**	**11%**
• Issuer(*)	141	2%	0	0%	140	3%	4	0%	203	3%	0	0%
• Fully consolidated subsidiaries	1,232	20%	81	2%	86	2%	132	3%	14	0%	658	11%
• Proportionately consolidated subsidiaries	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
SUB-TOTAL	**5,003**	**80%**	**3,414**	**82%**	**4,464**	**98%**	**3,877**	**90%**	**5,975**	**99%**	**5,396**	**90%**
Other services provided by members of the Statutory Auditors' networks to fully consolidated subsidiaries												
Tax, legal and payroll	455	7%	39	1%	0	0%	62	1%	23	0%	108	2%
Other	764	12%	719	17%	77	2%	367	9%	44	1%	516	9%
SUB-TOTAL	**1,219**	**20%**	**758**	**18%**	**77**	**2%**	**429**	**10%**	**67**	**1%**	**624**	**10%**
TOTAL	**6,222**	**100%**	**4,171**	**100%**	**4,541**	**100%**	**4,306**	**100%**	**6,042**	**100%**	**6,020**	**100%**

(*) *This amount does not include fees relating to the creation of BPCE, which were written off against the issue premium.*

Fees received relate to the BPCE SA group.

7.11 Information officer

Roland Charbonnel

Director of the department for Issues and Investor Relations

7.12 Documents on display

This document is available from the website *www.bpce.fr* under the heading "Investor Relations" or from the *Autorité des Marchés Financiers www.amf-france.org*.

Any person wanting further information about Groupe BPCE may, with no commitment and free of charge, request documents by post at the following address:

BPCE
Issues and Investor Relations department
50, avenue Pierre-Mendès-France
75013 Paris

7.13 Financial calendar

- February 25, 2010: publication of 2009 results;
- May 11, 2010 (after market close): publication of first-half 2010 results;
- May 28, 2010: BPCE Annual Shareholders' Meeting.

The publication dates for the second and third quarter 2010 results will be announced on the *www.bpce.fr* website under the heading "Investor Relations".

8

PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT AND FOR THE ANNUAL FINANCIAL REPORT

François Pérol, Chairman of the Management Board of BPCE.

Statement by the person responsible for the shelf-registration document

Having taken all reasonable care to ensure that such is the case, to the best of my knowledge, all of the information contained in the registration document is in accordance with the facts and contains no omission likely to affect its import.

To the best of my knowledge, I certify that the financial statements of Groupe BPCE, the BPCE SA group and BPCE have been prepared in accordance with applicable accounting standards and give a true and fair view of their respective assets, financial position and profit or loss, as well as those of all affiliated companies, and that information relating to the management report (p. 199-220) present a true and fair picture of the development of their respective business, results and financial position and those of all affiliated companies, as well as a description of the main risks and uncertainties to which they are exposed.

I have obtained a letter from the Statutory Auditors certifying that they have verified the information concerning the financial position and the consolidated accounts of Groupe BPCE, the BPCE SA group and BPCE as set out in the registration document and have read the full 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 314 to 315, 389 to 390, and 436 to 437 of the present document, concerning respectively, the consolidated financial statements of Groupe BPCE, the consolidated financial statements of the BPCE SA group, and the company financial statements of BPCE. The Statutory Auditors' reports referring to the consolidated financial statements of Groupe BPCE and the BPCE SA group each contain two observations.

The pro forma financial information of Groupe BPCE and the BPCE SA group, as presented in the Registration document, financial reports - Half year 2009, was commented on in reports by the Statutory Auditors on pages 374 and 390 of this document, each of which contain an observation.

Paris, May 10, 2010

François Pérol

Chairman of the Management Board of BPCE

9

CROSS-REFERENCE TABLE

Items in appendix 1 pursuant to EC Regulation No. 809/2004		Page No.
1	**Persons responsible**	**505**
2	**Statutory Auditors**	**502**
3	**Selected financial information**	
3.1	Historical financial information selected by the issuer for each financial year	6
3.2	Selected financial information for interim periods	NA
4	**Risk factors**	**119-122 ; 126-127 ; 129-130 ; 139-197**
5	**Information about the issuer**	
5.1	History and development of the issuer	8
5.2	Investments	487
6	**Business overview**	
6.1	Principal activities	23-34 ; 286-289
6.2	Principal markets	23-34 ; 286-289
6.3	Exceptional events	NA
6.4	Dependence of the issuer on patents or licenses, industrial, commercial or financial contracts or new manufacturing processes	487
6.5	Basis of statements made by the issuer regarding its competitive position	23-34
7	**Organizational structure**	
7.1	Description of the Group	10-21
7.2	List of significant subsidiaries	18-21
8	**Property, plant and equipment**	
8.1	Existing or planned material tangible fixed assets	260-261 ; 352-353 ; 415
8.2	Environmental issues that may affect the issuer's utilization of the tangible fixed assets	458-475
9	**Operating and financial review**	
9.1	Financial condition	203-213 ; 222-225 ; 316-319 ; 391-393
9.2	Operating results	224-225 ; 318-319 ; 393
10	**Cash flow and capital resources**	
10.1	Information on the issuer's capital resources	141-143 ; 226-227 ; 268 ; 320-321 ; 358 ; 481-482
10.2	Sources and amounts of issuer's cash flows	228 ; 322
10.3	Information on the borrowing requirements and funding structure of the issuer	264 ; 267-268 ; 280 ; 356-358 ; 370 ; 416 ; 419-420
10.4	Information regarding any restrictions on the use of capital resources that have affected or could affect the issuer's operations	NA
10.5	Information regarding the anticipated sources of funds needed to fulfill commitments referred to in items 5.2 and 8.1	NA
11	**Research and development, patents and licenses**	**NA**
12	**Trend information**	**220 ; 487**
13	**Profit forecasts and estimates**	**NA**
14	**Administrative, management and supervisory bodies and senior management**	
14.1	Administrative bodies	36-71
14.2	Administrative, management and supervisory bodies and senior management conflicts of interests	69 ; 108-109

Items in appendix 1 pursuant to EC Regulation No. 809/2004		Page No.
15	**Remuneration and benefits**	
15.1	Amount of remuneration paid and benefits in kind	54-62 ; 80-88 ; 97-105
15.2	Total amount set aside or accrued by the issuer to provide pension, retirement or similar benefits	62 ; 87 ; 105 ; 291 ; 380
16	**Board practices**	
16.1	Date of expiration of the current term of office	37 ; 39-51
16.2	Service contracts with members of the administrative bodies	69 ; 108-109
16.3	Information about the issuer's Audit committee and Remuneration committee	113-115
16.4	Compliance with the country of incorporation's corporate governance regime	36 ; 73 ; 91
17	**Employees**	
17.1	Number of employees	450-451
17.2	Shareholdings and stock options	59-61 ; 85-87 ; 104-105
17.3	Arrangements involving the employees in the capital of the issuer	483
18	**Major shareholders**	
18.1	Shareholders with over 5% of the issuer's capital or voting rights	481-482
18.2	Major shareholders with different voting rights	481-482
18.3	Control of the issuer	481-482
18.4	Any arrangement, known to the issuer, which may at subsequent date result in a change in control of the issuer	483
19	**Related-party transactions**	**291 ; 380 ; 414 ; 488**
20	**Financial information concerning the issuer's assets and liabilities, financial position and profits and losses**	
20.1	Historical financial information	6-7 ; 221-435
20.2	Pro forma financial information	NA
20.3	Financial statements	222-313 ; 316-388
20.4	Auditing of historical annual financial information	314-315 ; 389-390
20.5	Age of latest financial information	222
20.6	Interim financial information	NA
20.7	Dividend policy	22
20.8	Legal and arbitration proceedings	172-176
20.9	Significant change in the issuer's financial or trading position	487
21	**Additional information**	
21.1	Share capital	481
21.2	Memorandum and articles of association	480
22	**Material contracts**	**486**
23	**Third party information and statement by experts and declaration of any interest**	**NA**
24	**Documents on display**	**504**
25	**Information on holdings**	**18-21 ; 301-313 ; 385-388**

Information required by Article L. 451-1-2 of the French Monetary and Financial Code	Page No.
Annual financial report	
BPCE SA consolidated financial statements	222-313
Statutory Auditors' report on the consolidated financial statements	314-315
BPCE individual financial statements	391-435
Statutory Auditors' Report on the individual financial statements	436-437
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)	139-197; 199-220 ; 431-435 ; 450-475
• Information required by Articles L. 225-100-3 and L. 225-211-2 of the French Commercial Code	NA
Declaration of persons assuming responsibility for the annual financial report	505
Statutory Auditors' fees	503
Chairman's report on the work of the Supervisory Board and internal control procedures for fiscal year 2008	106-136

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:

- unaudited pro forma information for Groupe BPCE relating to the periods ended June 30, 2009 and December 31, 2008 concerning the balance sheet and the periods from January 1 to June 30, 2009 and from January 1 to June 30, 2008 concerning the income statement, included in part 4.3.3 "Groupe BPCE pro forma financial information" of the 2008 registration document No. R09-0076, registered with the *Autorité des Marchés Financiers* on September 28, 2009;
- unaudited pro forma information for the BPCE SA group relating to the periods ended June 30, 2009 and December 31, 2008 concerning the balance sheet and the periods from January 1 to June 30, 2009 and from January 1 to June 30, 2008 concerning the income statement, included in part 4.3.4 "BPCE SA group pro forma financial information" of the 2008 registration document No. R09-0076, registered with the *Autorité des Marchés Financiers* on September 28, 2009.

Designed & published by Labrador +33 (0)1 53 06 30 80

BPCE
A French limited company (*Société Anonyme*)
governed by a Management and Supervisory Board
with a capital of €486,407,115

Registered office:
50, avenue Pierre Mendès France
75201 Paris Cedex 13
Tél. : 33(0) 1 58 40 41 42
Paris Trade and Companies Register N° 493 455 042

www.bpce.fr

FRANCE

GROUPE BPCE

PARTENAIRE OFFICIEL