2011

REGISTRATION DOCUMENT AND FULL-YEAR FINANCIAL REPORT

GROUPE BPCE

Contents

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2011 Registration document and full-year financial report

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.

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

Only the French version of the Registration document has been submitted to the AMF. It is therefore the only version that is binding in law.

The original document was filed with the Autorité des marchés financiers (AMF – French Securities Regulator) on March 30, 2012, in accordance with article 212-13 of the AMF's General Regulations. It may be used in support of a financial transaction only if supplemented by a Transaction Note that has received approval from the AMF.

This document includes all elements of the annual financial report specified by Section I of article L.451-1-2 of the Code Monétaire et Financier and article 222-3 of the AMF's General Regulations. A table allowing cross-referencing between the documents specified in article 222-3 of the AMF's General Regulations and the corresponding sections of this document is provided on page 419.

1

PRESENTATION OF GROUPE BPCE

1.1 Presentation of Groupe BPCE

Born in July 2009 out of the merger of the Groupe Banque Populaire and the Groupe Caisse d'Epargne, Groupe BPCE is France's second largest banking group[(1)], with 36 million customers, 8.1 million cooperative shareholders, 8,000 branches and 117,000 employees.

Comprising the Banque Populaire and Caisse d'Epargne networks, as well as expert subsidiaries specialized in their respective fields of activity, Groupe BPCE is active in all areas of commercial banking and insurance, offering solutions in corporate, investment and financial services.

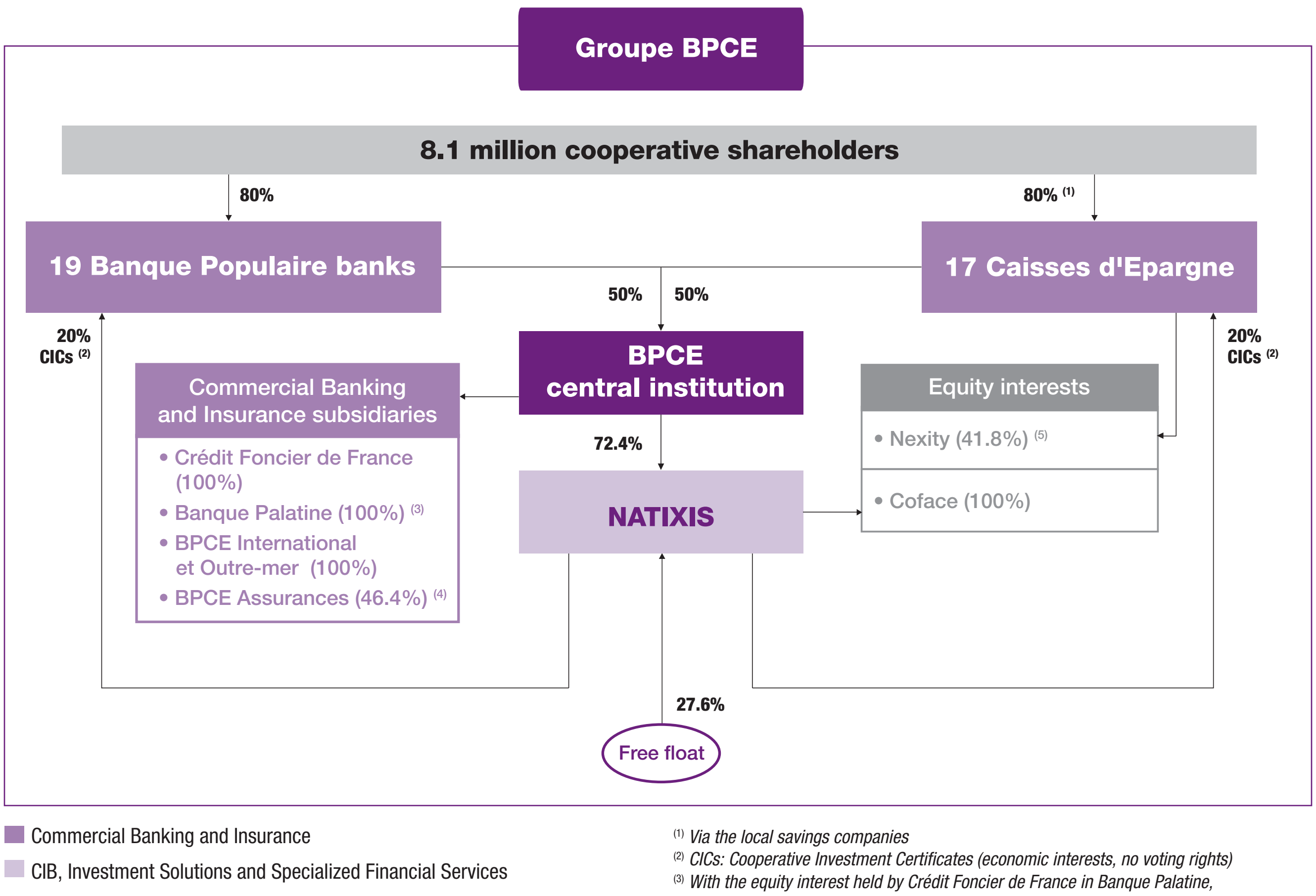
Its full-service banking model is based on a three-tier architecture:

- the two cooperative networks, namely 19 Banque Populaire banks and 17 Caisses d'Epargne, central players in their respective regions;
- BPCE, the central institution, responsible for the Group's strategy, control and coordination;
- the BPCE subsidiaries, including Natixis, Crédit Foncier de France, Banque Palatine, BPCE International et Outre-mer.

In addition, all credit institutions affiliated to BPCE benefit from a guarantee and solidarity mechanism.

The scope of affiliated entities is mainly comprised of the Banque Populaire and Caisse d'Epargne networks and Natixis.

GROUPE BPCE SIMPLIFIED ORGANIZATION CHART



(1) Via the local savings companies
(2) CICs: Cooperative Investment Certificates (economic interests, no voting rights)
(3) With the equity interest held by Crédit Foncier de France in Banque Palatine, the group owns a 100% stake in the company
(4) With the equity interest held by the Caisses d'Epargne in BPCE Assurances, the group owns a 60% stake in the company
(5) Via CE Holding Promotion.

(1) No. 2 in number of branches (source: database, banks' websites), no. 2 in market share for customer savings and customer lending (source: Banque de France), no. 2 in terms of penetration rate with professionals and individual entrepreneurs (source: Pepites CSA 2009-2010 poll).

1.2 History of the Group

The Banques Populaires banks

1878 The first Banque Populaire bank is created in Angers, by and for entrepreneurs, the goal being to pool funds to allow them to finance their projects themselves.

1917 Having achieved cooperative status, the Banque Populaire banks rapidly became major players in their regional economies at the service of craftspeople, small retailers and SMEs.

1962 The Banques Populaires banks open their services to individual customers.

1998 The acquisition of **Natexis** provides the Groupe Banque Populaire with a publicly listed vehicle.

2008 The Group strengthens its presence in the heart of France's regions with the acquisition of 7 HSBC France regional banks.

The Caisses d'Epargne

1818 The first **Caisse d'Epargne** is founded in Paris to promote, collect and manage popular savings.

1835 The Caisses d'Epargne are recognized as "private establishments with public utility".

1895 The Caisses d'Epargne begin their missions of general public interest.

1950 The Caisses d'Epargne are awarded the status of not-for-profit credit institutions.

1999 The Caisses d'Epargne become cooperative banks. prompting Groupe Caisse d'Epargne to embark upon a multi-brand strategy with new creations and acquisitions, including the repurchase of **Crédit Foncier** in the same year, which enables the Group to further develop its real estate activities.

2003 The acquisition of **Banque Palatine** (formerly Banque San Paolo) enables the Group to branch out to corporate customers.

2004 The repurchase of Ixis allows the Group to establish itself in investment banking.

In 2006, Groupe Banque Populaire and Groupe Caisse d'Epargne took the first step towards each other, with the creation of their jointly owned subsidiary, Natixis.

Groupe BPCE

2009 On July 31, 2009, the merger between Groupe Banque Populaire and Groupe Caisse d'Epargne gives rise to the Groupe BPCE.

2010 "Together", Groupe BPCE's strategic plan for 2010-2013, mobilizes all Group companies with the aim of making them the preferred banking institutions of the French and of their companies.

1.3 Organization of Groupe BPCE

1.3.1 The Banque Populaire banks and the Caisses d'Epargne

The Group has a distinctly cooperative character, with cooperative shareholders owning the Banque Populaire banks and the Caisses d'Epargne, the two networks that form the foundations of the Group's retail banking operations.

The Banque Populaire banks and the Caisses d'Epargne are credit institutions. Their governance comprises a Board of Directors for the Banque Populaire banks, and Supervisory and Management Boards for the Caisses d'Epargne.

BANQUE POPULAIRE BANKS

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

Shareholders are individuals (including Banque Populaire banks' employees) and legal entities. Customer shareholders play an active part in the life, ambitions and development of their bank. Shareholder relations are managed at two levels: locally through the initiatives of a Banque Populaire bank as well as nationally through those of the Fédération Nationale des Banques Populaires. The Shareholders' Meeting serves as an auspicious time for shareholders to contribute to their Banque Populaire bank.

THE CAISSES D'EPARGNE

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 are cooperative companies with open-ended capital stock which is wholly owned by cooperative shareholders. Any individual or legal entity that is a customer of a Caisse d'Epargne may acquire members' shares in a local savings company, thereby becoming a cooperative shareholder. Caisses d'Epargne employees are also entitled to become cooperative shareholders. Lastly, local and regional authorities, and French inter-municipal cooperation institutions (*Établissements publics de coopération intercommunale*) within the local savings company's territorial constituency are also entitled to become cooperative shareholders, but 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 by the Shareholders' Meeting from among the cooperative shareholders. The Board of Directors appoints a Chairman, who is responsible for representing the local savings company at the Annual Shareholders' Meeting of the Caisse d'Epargne to which it is affiliated. Local savings companies are not authorized to carry out banking business.

The **CICs** are securities that do not carry voting rights, but which represent economic rights attached to shares of capital. Their owner, Natixis, is entitled to 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. It also benefits from rights to net assets in proportion to its interest in the bank's capital.

1.3.2 BPCE: the central institution of the Groupe BPCE

BPCE, founded by a law dated June 18, 2009, is the central institution of Groupe BPCE, a cooperative banking group. As such, it represents the credit institutions that are affiliated to it.

The affiliated institutions, within the meaning of Article 511–31 of the French Monetary and Financial Code, are:

- the Banque Populaire network, comprising 19 Banque Populaire banks and 54 mutual guarantee companies, whose sole corporate purpose is to guarantee loans issued by the Banque Populaire banks;
- the Caisse d'Epargne network, comprising 17 Caisses d'Epargne et de Prévoyance and 275 LSCs;
- Natixis, Société Centrale de Crédit Maritime Mutuel and the six Caisses Régionales du Crédit Maritime Mutuel, Banque BCP, Banque Fiducial, Banque de la Réunion, Banque de Tahiti; Banque de Nouvelle-Calédonie, Banque des Antilles Françaises, Banque Palatine, Crédit Foncier de France, Compagnie de Financement Foncier, Locindus, Cicobail, Cinergie; Société Centrale pour le Financement de l'Immobilier (SOCFIM), BPCE International et Outre-mer, Banque de Saint Pierre et Miquelon, Batimap, Batiroc-Bretagne Pays de Loire, Capitole Finance-Tofinso, Comptoir Financier de Garantie, Océor Lease Nouméa, Océor Lease Réunion, Océor Lease Tahiti, Sud Ouest Bail, Expanso-Société pour le développement régional.

ACTIVITIES

The company's role is to guide and promote the business and expansion of the cooperative banking group, comprising 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 Banque Populaire network and the Caisse d'Epargne 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 strategy as well as those of each of its constituent networks,
  - coordinating the sales policies of each of its networks and taking all measures necessary for 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 the banking sector institutions, 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 flows 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 issuing financial instruments, and performing 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 shared by both networks, for 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 initial allocation and reconstitution,
  - defining the principles and conditions governing the internal control of 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 within 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 ensuring its permanent supervision on a consolidated basis,
  - approving the bylaws of affiliated entities and local savings companies and any changes thereto;,
  - 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 Caisses d'Epargne duly fulfill 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 abovementioned Code; it also oversees the central banking, financial and technical organization of the network and more generally the Group;
- to act as an insurance intermediary, in accordance with the regulations in force;
- to act as an intermediary for real estate transactions, in accordance with the regulations in force;
- to acquire stakes, both in France and abroad, in any 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, to undertake any transactions relating directly or indirectly to these purposes that are liable to facilitate the achievement of the company's purposes or its expansion.

DIVIDEND POLICY

In 2011

The Combined Shareholders' Meeting of BPCE on May 19, 2011 voted for and approved the amount of the dividend payable on A, B and C category shares. The amount was calculated on the basis of the number of shares outstanding on the date of the Shareholders' Meeting. The dividend was paid as from the same date.

Shares	A category Caisses d'Epargne	B category Banques Populaires	C category SPPE
Dividend	0.01 euro	0.01 euro	40.24 euros
Number of shares	15,574,232	15,574,232	2,573,653
TOTAL	**155,742.32 EUROS**	**155,742.32 EUROS**	**103,565,474.82 EUROS**

The qualification of category A and B shares is defined on page 397 of the registration document.

All category C shares were cancelled after BPCE repurchased them from Société de prise de participation de l'État (SPPE) (see page 394 of the registration document).

In 2010

The Combined Shareholders' Meeting of BPCE on May 28, 2010 voted for and approved the amount of the dividend payable on A, B and C category shares. The amount was calculated on the basis of the number of shares outstanding on the date of the Shareholders' Meeting. The dividend was paid as from the same date.

Shares	A category Caisses d'Epargne	B category Banques Populaires	C category SPPE
Dividend	0.01 euro	0.01 euro	16.38 euros
Number of shares	12,996,744	12,996,744	6,433,653
TOTAL	**129,967.44 EUROS**	**129,967.44 EUROS**	**105,379,087.07 EUROS**

In 2009

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

They received a dividend for 2008 from their former central institutions, Banque Fédérale des Banques Populaires (BFBP) for Banque Populaire banks and Caisse Nationale des Caisses d'Epargne (CNCE) for the Caisses d'Epargne.

In 2008

The Banque Populaire banks

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

This payment 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 (€1.56 per share) was paid in the second quarter of 2009.

The Caisses d'Epargne

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

This payment, made in the first half of 2009, broke 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;
- dividends totaling €13 million were paid on the repurchase of 6,988,376 preferred shares on July 31, 2009.

As such, the total dividend payment to the Caisses d'Epargne amounted to €196 million.

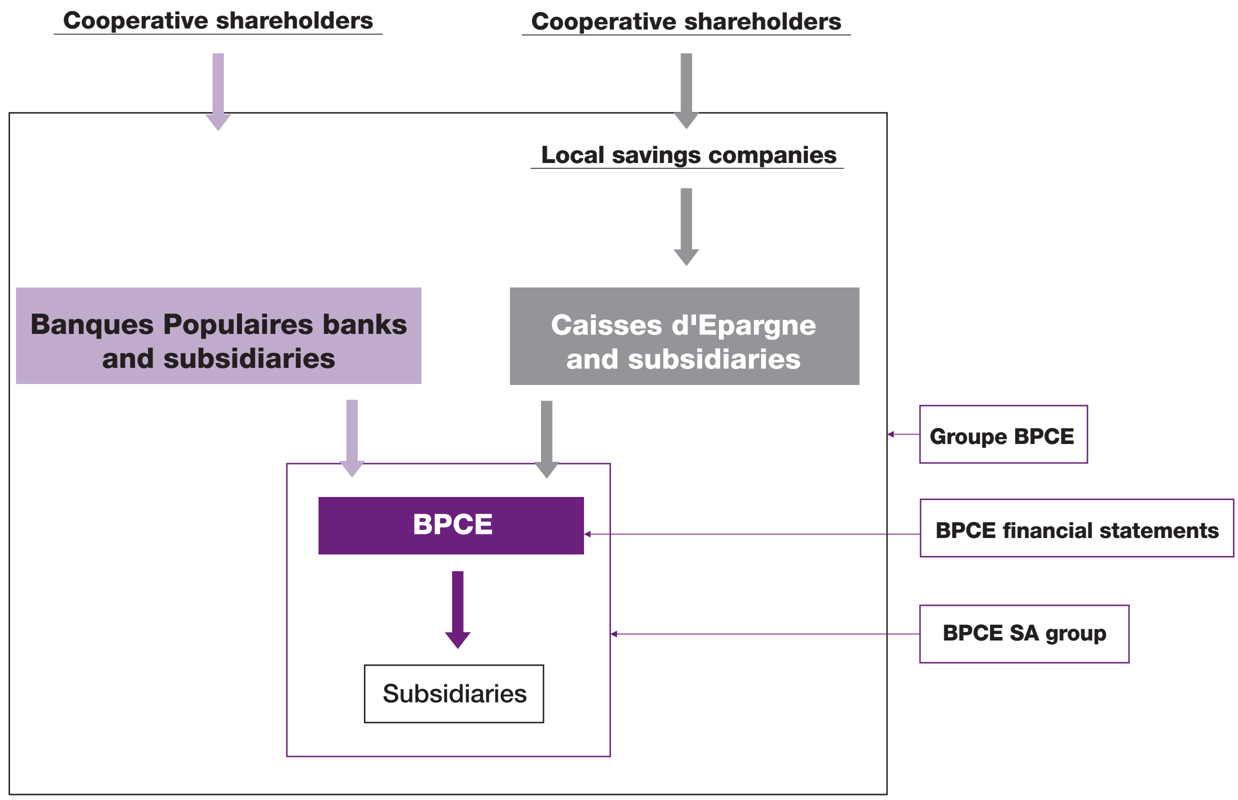
GCE NAO, a company that had no prior business but which received assets from BFBP and CNCE to found BPCE, did not make any dividend payment for the previous years.

1.3.3 Scopes of Groupe BPCE and BPCE SA group

The scopes of consolidation of the two groups, built around the central institution, are described in the following chart.

Groupe BPCE represents the Banque Populaire banks, the Caisses d'Epargne, their respective subsidiaries, BPCE and its subsidiaries.

BPCE SA group represents BPCE and its subsidiaries. The main difference bears on the contribution of the parent companies to the results of BPCE SA group, visible only on the "Share of income of associates" line, *via* the CICs held by Natixis. The CICs account for 20% of the share capital of the Banque Populaire banks and the Caisses d'Epargne.



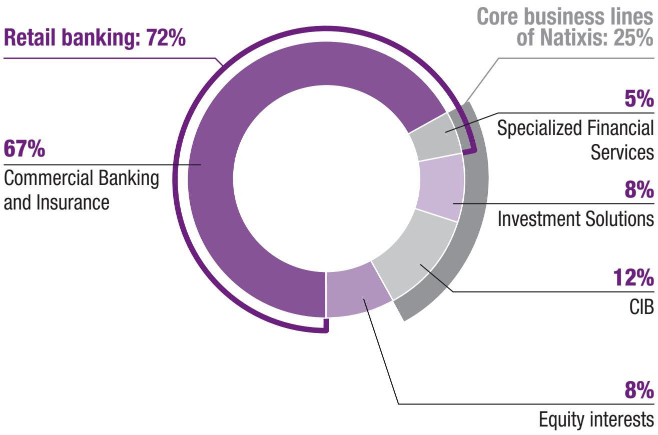
1.4 Key figures 2011

Groupe BPCE

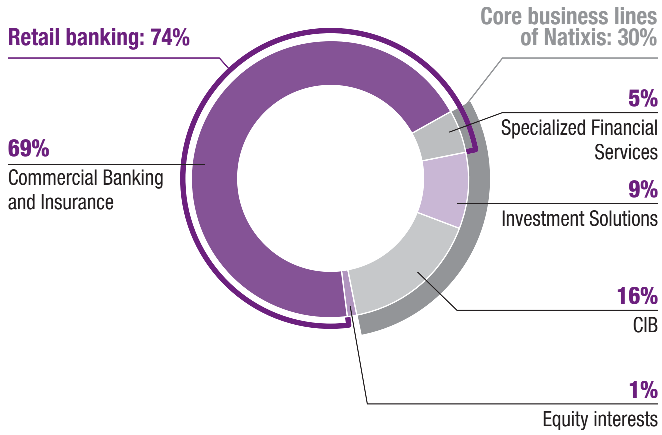
SUMMARIZED INCOME STATEMENT

in millions of euros	2011	2010	2009
Net banking income	23,357	23,359	21,227
Gross operating income	7,476	7,302	4,868
Income (loss) before tax	4,663	5,749	(368)
Net income attributable to equity holders of the parent	**2,685**	**3,640**	**537**

BUSINESS CONTRIBUTION TO GROUP[(1)] NET BANKING INCOME IN 2011 *(in %)*



BUSINESS CONTRIBUTION TO GROUP [(1)] INCOME BEFORE TAX IN 2011 *(in %)*

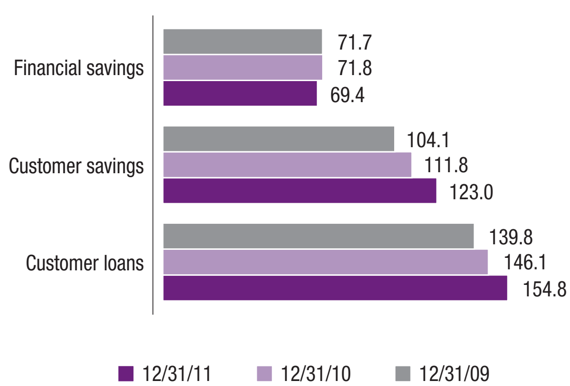


BUSINESS

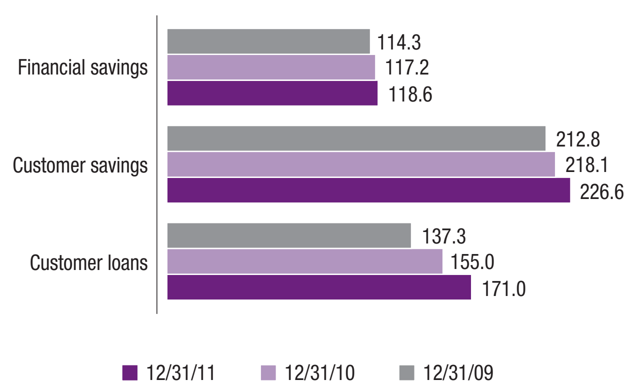
in billions of euros	12/31/2011	12/31/2010	12/31/2009
Balance sheet total	1,138.4	1,048.4	1,028.8
Customer loans (gross loan outstandings)	583.1	573.8	528.3

NETWORK ACTIVITY

BANQUE POPULAIRE *(in billions of euros)*



CAISSE D'EPARGNE *(in billions of euros)*



(1) *Excluding "Workout portfolio management and Other businesses" business line.*

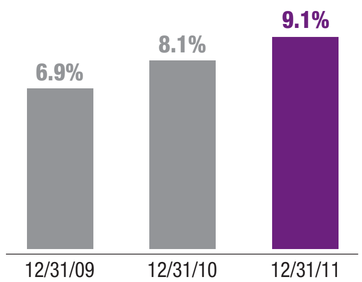
FINANCIAL STRUCTURE

in billions of euros	12/31/2011	12/31/2010	12/31/2009
Equity attributable to equity holders of the parent	45.1	47.4	44.0
Core Tier-1 capital[1]	35.4	33.1	28.5
Tier-1 capital[1]	41.1	41.0	37.6

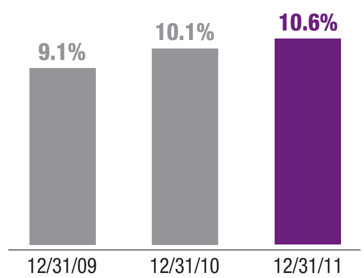
(1) 2010 Core Tier-1 capital pro forma of the full repayment of the French government: €31.9bn
2010 Tier-1 capital pro forma of the full repayment of the French government: €38.8bn

PRUDENTIAL RATIOS[2]

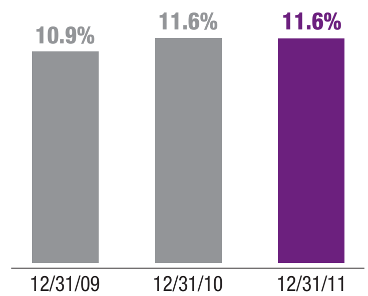
CORE TIER-1 RATIO *(in %)*



TIER-1 RATIO *(in %)*



SOLVENCY RATIO *(in %)*



(2) Excluding the floor effect. Ratios calculated according to Basel 2.5 as of December 31, 2011.
2010 ratios pro forma of the full repayment of the French government: Core Tier-1 ratio amounted to 8.0%, Tier-1 ratio to 9.7% and the solvency ratio to 11.2%.

BPCE SA group

SUMMARIZED INCOME STATEMENT

in millions of euros	2011	2010	2009
Net banking income	9,110	9,267	6,501
Gross operating income	2,516	2,359	819
Income before tax	1,179	2,429	(1,748)
Net income attributable to equity holders of the parent	**402**	**1,565**	**(69)**

FINANCIAL STRUCTURE

in billions of euros	12/31/2011	12/31/2010	12/31/2009
Equity attributable to equity holders of the parent	21.6	25.1	23.2
Tier-1 capital	22.2	22.5	15.5
Tier-1 ratio[3]	9.6%	10.0%	9.7%
Capital adequacy ratio	10.9%	12.1%	11.9%

(3) Excluding the floor effect - Ratios calculated according to Basel 2.5 as of December 31, 2011.

Credit ratings

Credit ratings at March 30, 2012	Long term	Short term	Outlook
Standard & Poor's	A	A-1	Stable
Moody's	Aa3	P-1	Long term rating under review
FitchRatings	A+	F1+	Negative

The ratings concern BPCE and also apply to Groupe BPCE.

1.5 Groupe BPCE's 2010–2013 strategic plan and its progress

"Together", Groupe BPCE's strategic plan launched in 2010, mobilizes all Group companies around a common goal: to constantly improve the services they provide to customers by drawing upon the wealth of expertise and talent of the Group's teams and the quality and efficiency of its resources. The synergies developed between Natixis and the networks, the sharing of common tools, methods of analysis and best practices and their collective investment in development and innovation will not only create further value for customers and increase their satisfaction, but also generate profitable growth.

CORE BUSINESSES WITH A CORE PRIORITY: TO MEET THE WANTS AND NEEDS OF THEIR CUSTOMERS

2011 saw Groupe BPCE continue to refocus on the development of its core businesses and customer activities which play a direct part in the collection of savings and financing of the economy: Commercial Banking and Insurance, Corporate and Investment Banking, Investment Solutions and Specialized Financial Services.

- **The Banques Populaires** banks focus their business development on providing existing customers with the best possible services and on winning over and retaining new customers in order to gain profitable market share.
- **The Caisses d'Epargne** give first priority to the dynamic use of their assets and strengthening of their customer relationships to reinforce their satisfaction and loyalty.
- **Other brands** round out the Group's offering: Crédit Foncier, which is a major player in Real Estate Financing, Banque Palatine, which specializes in business banking and wealth management, and other subsidiaries, partnerships and regional players.

The Group's activities outside France are supervised by the holding company, BPCE International et Outre-mer.

- **Natixis** has refocused its strategy in order to serve its client by developing cross-selling with its clients as well as increasing commercial synergies with the Group's networks.

FOUR PRINCIPLES FOR ACTION

- **Embrace** a strategy of sustainable performance by taking a long-term approach.
- **Develop** a service-based corporate culture by making the customer relationship and the advisory offering central to the Group's businesses.
- **Promote** initiative and an entrepreneurial spirit.
- **Foster** local relationships and take advantage of diversity by expressing the full potential of a cooperative group.

CROSS-ENTITY INITIATIVES

Customer relations: the Group aims to differentiate itself from its competitors thanks to an expert sales force whose approach focuses on customer needs and the quality of its advisory services, and through close customer relationships, regardless of the channel used.

Natixis at the service of network customers: the development of commercial relationships between Natixis and the networks enables to offer higher standard services to the Group's clients. Goal for 2013: post additional NBI of €810 million.

Operational efficiency: leverage will be obtained in four areas so as to benefit from the scope of the Group's businesses: pooling of purchasing, sharing of best practices, regional and/or national cooperation, optimization of information systems. Goal for 2013: deliver €1 billion in cost synergies.

HR efficiency: the success of the Group's plan requires the commitment of all of its employees. As a result, BPCE continues to focus on the coherent and consistent management of its directors and executives as well as on the introduction of new human resources policies that will rank it amongst France's reference employers.

2011: A VITAL STAGE IN THE CONSTRUCTION OF THE GROUP

2011 proved to be a key stage in the construction of the Group and the achievement of its goals for 2013. Over the year, the Group's decision to refocus on its core businesses and customer activities and on the development of revenue synergies between the divisions and cost synergies across the whole of the Group have already born their fruits as its performance despite a morose economic climate from the second quarter of 2011 clearly shows.

A Group with a strong commitment to financing the economy and a renewed focus on its core businesses and customer activities

Groupe BPCE continued to demonstrate its commitment to financing the economy in 2011, securing a 6.5% increase[(1)] in customer loans over the period.

The Banques Populaires banks and Caisses d'Epargne have revitalized their customer bases and innovated with success in multi-channel banking. Their strategies to win over new customers and reinforce existing relationships resulted in a 2.5% increase in active customers for Banques Populaires banks and a 3.2% increase in active customers for the Caisses d'Epargne.

Crédit Foncier is refocusing on its business lines in France that serve both its customers and the customers of the Group's retail banking networks.

Banque Palatine has continued to develop the growth in its activities for medium and intermediate-sized companies and their directors.

Natixis has made significant headway in the in-depth transformation of its business model with the implementation of its "New Deal" strategic plan.

Synergies that are ahead of targets

Now at the end of its second year, Groupe BPCE's "Together" project has already generated €501 million in additional NBI between Natixis and the Banque Populaire and Caisse d'Epargne networks for a 2013 target of €810 million, the leading contributors being consumer finance (39%), insurance (25%) and payments (23%).

(1) At December 31, 2011, source: Banque de France – "Financement de l'économie française report".

At the same time, cost synergies across the Group generated savings of €684 million at the end of 2011 (target of €1 billion for 2013) thanks to the merger of its central institutions and shared infrastructures and information, payment, securities and check processing systems, as well as the pooling of purchasing and the optimization of property and office space.

To date, the Group's is ahead of its set targets in terms of both cost and income synergies.

New reduction in the risk profile

The risk weighted assets of the segregated assets (GAPC) are down 48% since June 2009 and dropped 23% in 2011 (excluding the regulatory impact of Basel 2.5) following the Group's decision to dispose of €4.9 billion in these assets against a difficult market backdrop. The GAPC had no material impact on the Group's net income attributable to equity holders of the parent.

The moderate risk profile of the core businesses reflects the predominance of retail banking in France within the Group's consolidation scope.

Basel III roadmap

BPCE's development strategy already factors in the regulatory changes that go hand-in-hand with Basel III. The Group has successfully completed its "Liquidity Strategy" program designed to secure and optimize access to liquidity for the entire Group and all its business lines. On December 31, 2011, its liquidity needs had been reduced by €11 billion since June 30, 2011.

Its Core Tier-1 ratio of 9.1% at December 31, 2011 increased by 110 basis points in 2011, including the change from Basel II to Basel 2.5, and has increased by 350 basis points since June 30, 2009[(1)]. The Group is confident in its ability to comply with the new Basel III capital requirements without recourse to the market, with a target Common Equity Tier-1 ratio of more than 9% in 2013[(2)].

(1) In relation to the Core Tier-1 ratio of June 30, 2009 and excluding the temporary injection of regulatory capital made by the French state.

(2) With no phase in (after restatement of deferred tax assets).

1.6 The Group's businesses

1.6.1 Commercial Banking and Insurance

THE BANQUE POPULAIRE BANKS

19 Banque Populaire banks

3.8 million cooperative shareholders

3,336 branches

8.4 million customers

€192.5 billion in customer savings

€154.8 billion in customer loan outstandings

The Banque Populaire banks are cooperative banks created by and for entrepreneurs, working closely with local businesses and business owners. They form the fourth largest banking network in France with 17 Banque Populaire regional banks, CASDEN Banque Populaire, which serves the staff of the French Ministry of Education, Research, and Culture, and Crédit Coopératif, a major player in the social and solidarity-based economy.

The Banque Populaire banks are 80% owned by their cooperative shareholders, who are also their customers. Natixis owns the remaining 20% in the form of cooperative investment certificates (CICs). The Fédération Nationale des Banques Populaires (FNBP) is the institution providing deliberation, communication and representation for the Banques Populaires banks. Its activities are in line with developing the common interests of the Banque Populaire banks and their cooperative shareholders.

2011 significant events

- Banque Populaire won the *Podium de la relation client* 2011[1] client-service award for the banking sector.
- Services accessible on mobile terminals were enhanced and now each Banque Populaire bank has a remote branch. These *e-BanquePopulaire* offer the same services as a traditional branch, with an appointed advisor who can be reached by telephone, e-mail, videoconference or online chat. 17 *e-BanquePopulaire* branches were operational at year-end 2011.
- Banque Populaire launched its new communications campaign, capitalizing on its traditional values as a local bank supporting entrepreneurship and the spirit of initiative. The new image is conveyed by a new tagline *"The bank that encourages action"* and a modernized logo.
- The Banque Populaire du Sud-Ouest and the Banque Populaire Centre Atlantique merged to create the Banque Populaire Aquitaine Centre Atlantique. This new major regional bank covers eleven departments in France.

Individual customers

The Banque Populaire banks have made successful efforts to increase the number of products and services subscribed by their active customers and to acquire new individual customers.

Payment cards

Banque Populaire was the first French bank to launch the *Visa Platinum* card, aimed at clients who want to enjoy many exclusive benefits: high limits for payments and cash withdrawals, concierge services and more. Like other *Visa* cards, the *Facelia* version is available, offering the choice between a debit or credit payment for each transaction.

The *NRJ Banque Pop'* payment card, launched one year ago, has won over nearly 32,000 young cardholders. The card gives them opportunities to win concert tickets and to enjoy discounts with partner companies.

Loans and credit

For personal loans, the Banque Populaire banks now draw on the expertise and tools made available by Natixis Financement. Consequently, bank advisors can most adequately respond to customers' plans based on their budgets.

The exclusive partnership with LMDE, the main mutual insurance group for students, was renewed. Banque Populaire promotes the financial independence of LMDE subscribers through loans not requiring co-signers to finance their studies or to rent an apartment.

In residential loans, Banque Populaire was the first to offer the PTZ+, an interest-free loan open to all first-time homebuyers and adjusted to the energy efficiency of the home.

Thanks to another strong loan-production year, loan outstandings to individuals grew by 6.3%. At year-end 2011, loan outstandings amounted to €85.9 billion.

Bancassurance

The year was characterized by a global approach to *bancassurance* needs with the launch of two offers: *Parents prudents* for young families with children, and *Rentrée sereine* for active seniors and retirees, prompted in particular to anticipate financial dependence.

A new car insurance product was launched: *Assur-BP Auto* offers fully flexible, complete coverage starting with the basic formula and may be purchased online.

An ambitious growth plan was implemented in order to make *bancassurance* a day-to-day business line of the Banque Populaire banks.

Savings

Emphasis was placed on on-balance-sheet savings, in the context of liquidity crisis. Accordingly, savings account outstandings grew by 6.6%. Five tranches of BPCE bonds, sold in the form of securities accounts or life insurance, brought in €691 million, three times more than in 2010.

Regarding life insurance, outstandings were maintained despite a difficult context, with a slight decline of 0.7% recorded in 2011.

In mutual funds, three guaranteed-capital funds collected €635 million in inflows, including €285 million in ordinary securities accounts and Personal Equity Plans.

(1) According to the BearingPoint TNS Sofres survey.

Private banking

Banque Populaire private banking supports its clients in building, managing and transferring their wealth. The expertise of private banking advisors is perfectly suited to help professionals, liberal professions and business owners in the context of a dual professional-personal banking relationship.

A *Wealth Management Agreement* underscores the quality of service provided and a growth plan for this business was defined through 2015. Exclusive private banking products and services now include *Cadencia,* highly personalized services dedicated to clients holding at least €150,000. Private banking assets under management totaled €50 billion at year-end 2011.

Professional customers

Long-standing partners of the Chambers of Trade and Craft Industries *(Chambres de métiers et de l'artisanat),* leading banks of franchise businesses, active with liberal professions and farmers, the Banque Populaire banks are the reference banking institutions for small businesses.

Business creations, takeovers and day-to-day banking

Loan outstandings to professional customers totaled €34.5 billion at year-end 2011, a 3% increase. Professional customers with dual relationships (professional and family accounts) grew by 1.4%.

As the leading distributors of business start-up loans with 28.4% of the market[(1)] and partners with the top networks assisting entrepreneurs, the Banque Populaire banks facilitate new business start-ups and takeovers with loans backed by personal sureties or reduced financial guarantees in partnership with small-business mutual guarantee companies (Socama) and the European Investment Fund.

In 2011, Banque Populaire formed the only partnership in France with the country's professional accounting association, the *Ordre des experts comptables*, to facilitate the financing of micro-enterprises in shorter timeframes.

A new electronic funds-transfer diagnostic tool helps clients optimize their choices, which include electronic commerce with the highly acclaimed *CyberPlus Paiement* tool.

Craftspeople and small retailers

Created in 2011 for the Chambers of Trade and Craft Industries, *Espace Sherpa* offers craftspeople with project proposals online simulations and helps them develop relationships with the bank branch of their choice.

New brands were listed. Over 150 brands benefited from new relationships with their future franchisees within 48 hours with the help of small-business advisors in the regions.

Liberal professions

The *Atout Libéral* line is tailored to meet the needs of each and every profession. The line is enhanced on a regular basis, particularly in the areas of personal protection and employee savings schemes.

Farmers

The new online sales platform for agricultural products, *directetbon.com,* was an instant success among producers with 186 e-shops opened at year-end 2011, close to 26,000 visits, and more than 120,000 pages viewed.

Fodder purchases associated with the drought were facilitated by cash advances.

A product to hedge market prices of principal agricultural commodities was launched.

Corporate and institutional clients

The Banque Populaire banks serve 221,000 companies, or 37% of companies with more than 10 employees[(2)]. Payment processing, international business and companies with over €15 million in sales are the targeted areas of growth. In addition, Banque Populaire also has 171,000 institutional and association clients.

Financing and transferring businesses

Medium- and long-term business loan outstandings amounted to €20 billion, a 4% increase at year-end 2011.

14 Banque Populaire banks signed a risk-sharing agreement that allows them to increase their financing offerings.

Banque Populaire is the only banking network with national coverage in advisory services for business transfers. The network implemented software that centralizes information on sellers and buyers to facilitate transactions.

A partnership agreement was signed with the Federation of Real Estate Developers *(Fédération des promoteurs immobiliers)* and the National Association of Planners-Developers *(Syndicat national des aménageurs lotisseurs)* to facilitate new relationships with real estate professionals.

Payment processing

2011 was characterized by the migration of the electronic data interchange protocol. 75% of clients migrated easily and without any additional cost thanks to the dedicated *Turbo Suite Entreprise* software.

In addition to the EBICS protocol, the Banque Populaire banks made *Swiftnet* and *Planet Link* available to their customers for their payments and data exchanges and offered the *Click&Trust* and *Certeurope* electronic signature solutions for secure transactions.

International

Foreign-exchange hedging transactions were developed with the support of Natixis.

Actiflow Trésorerie Internationale, a new centralized cash-management service, allows customers to see the consolidated and forecasted positions of all of their subsidiaries' accounts worldwide.

The development of an international correspondent network continued with the *Confédération Internationale des Banques Populaires,* which now has members in 22 countries and a newly created dedicated website.

THE CAISSES D'EPARGNE

17 Caisses d'Epargne

4.3 million cooperative shareholders

4,228 branches

26.5 million customers

€345.2 billion in customer savings

€171 billion in customer loan outstandings

Since 1818, the Caisses d'Epargne cooperative banks have combined confidence, solidarity and modernity. The second largest retail banking network in France, the 17 regional Caisses d'Epargne are among the leading banks in their regions. They support all economic players and are leaders in providing financing for the public sector, social housing and the social economy.

(1) Source: OSEO.

(2) TNS Sofres June 2011.

The Caisses d'Epargne are 80% owned by cooperative shareholder customers through local savings companies. Natixis owns the remaining 20% in the form of cooperative investment certificates. The Fédération Nationale des Caisses d'Epargne is the institution providing deliberation, communication and representation for the Caisses d'Epargne and their cooperative shareholders.

2011 significant events

- The only major French bank to pay interest on demand deposits for all customers holding a package of services, Caisse d'Epargne systematized an overall approach to its customers' needs in 2011.
- In 2011, the Caisses d'Epargne had business dealings with over 600,000 new customers.
- The Caisse d'Epargne network was ranked in first place worldwide for its mobile banking application[(1)]. Over one million customers use this application for iPhone, iPad, Android and Blackberry.
- All the Caisses d'Epargne have established an online branch, *Monbanquierenligne,* offering all the services of a traditional branch and an appointed advisor available on-line.
- French people's favorite bank[(2)], Caisse d'Epargne has a new tagline, *"The bank. A new definition"* and a new brand territory actively promoted among each customer segment.

Individual customers

As the reference bank for young adults and the bank for families and seniors, Caisse d'Epargne seeks to provide more advisory services to its customers with a dedicated bank advisor, greater accessibility through multi-channel banking, and more choice with products and services tailored to each customer's needs and situation.

À la carte services

Caisse d'Epargne expanded the *Bouquet Liberté à la carte* package of services and launched new flexible products and services: *Solution Etudiants* offers students essential services for €1 per month; *Solution Libre Retraite* is a flexible monthly savings contract for retirement planning starting at €50 for 6 to 16 years; and *CA DO Carte* is a no-fee prepaid gift card ranging from €30 to €150, available in the branches.

Loans and credit

New consumer loans stood at €5.4 billion, a 1% increase. New real estate loans exceeded €21.9 billion, bringing total outstandings to €96 billion, an increase of 12%.

Caisse d'Epargne was the number two distributor of the PTZ+[(3)] product, with a 16% market share.

Savings

In an uncertain economy, customers sought secure savings products that generate income such as savings accounts and term accounts. Balance-sheet savings inflows (demand deposits, savings accounts, regulated home savings products, etc.) represented €4.4 billion, €1.8 billion of which was collected through BPCE bonds. *Livret A* savings accounts brought in more than €1.4 billion in 2011. At the same time, off-balance sheet savings outstandings (life insurance, mutual funds) remained stable with a total of €110 billion.

Private banking

Caisse d'Epargne continued to roll out a structure to provide dedicated services to private banking. The number of private banking customers grew by 4.8% to 320,000. Dedicated private banking service areas fostering a special banking relationship were opened or will soon be opened in all the regions.

Professional customers

In 2011, over 275,000 professional customers signed a national agreement with CAPEB[(4)], an association of craftspeople and small businesses in the building trades, and partnership agreements on commerce arranged with several brands. New products and services for factoring and employee savings were launched along with an electronic funds-transfer product for healthcare professionals and solutions designed for wine producers and building craftspeople. New medium- and long-term loans grew by 9% to €2.5 billion. Average daily loan outstandings grew by 13% to €3.2 billion. Net inflows, including *Livret A* savings accounts, amounted to €347 million.

Corporate customers

Caisse d'Epargne continued to record strong growth among corporate customers with 12% market penetration[(5)], a four-point increase in two years. It signed partnership agreements with France Clusters and the APERE business support network. Caisse d'Epargne is a partner, through capital structure, in regional businesses, offering corporate customers and their managers 360-degree support.

Commercial payment processing grew by 21% to exceed €63 billion. New loans totaled €2 billion, a 3% increase, and loan outstandings were up 19% to €7.6 billion. International activity is growing strongly.

The migration to EBICS and *Swiftnet* was successful.

Caisse d'Epargne launched new centralized cash-management and risk-hedging services and expanded its payment voucher offering.

It increased its technical sales teams and its segment expertise in the areas of renewable energy and healthcare.

Net banking income and earnings were up significantly.

Professional real estate

Major players among real estate professionals in France's regions, the Caisses d'Epargne financed residential properties, assisted-living facilities, real estate services and commercial real estate activities for an amount of €2.3 billion in 2011. New loans to developers and real estate agents, underpinned by rental property investments, represented €1.7 billion. The Caisses d'Epargne financed over 9,000 residential properties in 2011, i.e. a 9% market share. They are positioned as the reference bank among regional developers regardless of the project. Eight out of ten customers[(6)] trust them for their projects and believe that they know their specific needs.

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(1) 2011 ranking by the independent firm "myprivatebanking".

(2) JDD/Postenak/IPSOS image barometer (January 2012).

(3) Source: Société de Gestion du Fonds de Garantie à l'Accession Sociale (SGFGAS), which provides services to banks that distribute special property mortgages established by the French government to promote home ownership.

(4) Confédération de l'artisanat et de petites entreprises du bâtiment.

(5) Observatoire des entreprises et des banques 2011.

(6) TNS SOFRES satisfaction survey.

Social economy

As the leading social-economy financial provider[1] with 22.6% of loans, Caisse d'Epargne forged new partnerships with the *Centre français des fondations* (the Center for French Foundations) and with Fehap[2], increased its actions with major corporate clients, and reinforced its positions in the healthcare sector.

New loans exceeded €1.5 billion, a 23% decrease, and payment processing totaled €23 billion, a 16% increase.

The *Associatis* savings account proved its appeal among associations with over €1 billion collected.

Protected persons

Over one in three people covered by social protection is a client of Caisse d'Epargne, which provides specialized advisors and an offering designed for this client base. In 2011, the *Webprotexion* management service was enhanced with new functions that facilitate the tasks of legal representatives. Savings managed for this client base amounted to €5.5 billion at year-end 2011.

Public sector

A major player in lending to local municipalities, to their organizations and to public hospitals, Caisse d'Epargne maintained its loan outstandings at €48 billion in a very difficult environment. Out of the €420 million obtained from the Caisse des Dépôts, €205 million were distributed in 2011 and €206 million in EIB-supported loans were committed.

The group brought in €1.4 billion in public-private partnership projects, thereby reinforcing its leadership in this sector.

Debt-management transactions totaled €3.1 billion. Active asset management continued to grow steadily, as did electronic funds-transfer services, with the *Carte Achat Public*, the web-based collection service *SP Plus+*, and the *Chèque de Table®*, *CESU Domalin®*, *CA DO Chèque*, and *Chèque Interservices®* payment vouchers.

Social housing

Caisse d'Epargne is the leading private bank for social housing enterprises and public housing offices[3], which finance construction projects largely through *Livret A* deposits. Caisse d'Epargne finances over one-third of this sector's private debt. It also supports several local public enterprises and participates in the governance of over 500 of these entities.

In 2011, Crédit Foncier and the Caisses d'Epargne committed €1.4 billion in regulated social-housing loans (PLS, PLI, PSLA) for the 2011 year. The second phase of the €125 million "France Logement Social" EIB pool for constructing and rehabilitating social housing was used at year-end. Medium- and long-term financing for social housing totaled €2.8 billion, increasing loan outstandings to €13.4 billion. Commercial payment processing grew by 10%. Total inflows at year-end 2011 amounted to €6.4 billion, €3.1 billion of which were invested in *Livret A* savings accounts.

Habitat en Région

Caisse d'Epargne is one of the main private operators in social housing in France's regions with 159,000 social housing units managed by its social-housing company affiliates (ESHs) and rent-subsidized housing cooperatives (HLMs). The largest are Erilia, Logirem and SIA.

The *Habitat en Région* association helps group entities share their expertise and benefit from services at the best price: real estate research, energy audits, construction projects, equipment, energy savings certificates. In 2011, partnerships with Eiffage and Vinci were signed for this purpose.

OTHER NETWORKS IN FRANCE

Crédit Foncier

262 branches

€117.6 billion in customer loan outstandings

8,700 real estate professional partners

Specializing in real estate financing, Crédit Foncier works with individuals as well as public and private operators in synergy with Groupe BPCE networks.

A refocused business area

Crédit Foncier originated about €13 billion in new loans, a decline of 22.3%. The market pushed Crédit Foncier to refocus on its core businesses in France over the next few years, while developing synergies with Groupe BPCE networks in areas where Crédit Foncier provides specific expertise and knowledge, including loans for low-income families and long-term financing for individuals, social housing, regional public sector and real estate services.

Loans to individual customers

The production of loans to individual customers amounted to €7.6 billion, for a total loan outstandings of €59.7 billion at the end of 2011.

New products were launched in 2011, including the *Crédit Foncier Travaux* line, with in particular products specifically for renewable energy and a new internet portal for customer requests was set up.

For its real estate professional partners, Crédit Foncier developed new tools (simulator, information, etc.), and has established a partnership with the Tour de France of FNAIM on the theme *100,000 eco-renovated homes*.

Public and private operators

With a €5.4 billion loan production to its operators, Crédit Foncier continued in 2011 to be an active and innovative partner, including:

- signing a finance lease, along with four of the Group's other companies, with STIF, RATP, and the EIB, for €378 million to finance new tramways in Ile-de-France;
- signing partnerships with towns to help low-income families and support renovation projects;
- financing the renovation of part of the OSICA social housing stock, a social housing subsidiary of SNI, through a long-term loan of €34.5 million.

(1) *Banque de France.*

(2) *Fédération des établissements hospitaliers et d'aide à la personne privés non lucratifs (Federation of non-profit private hospitals and personal assistance establishments).*

(3) *Internal source.*

Real estate services

Crédit Foncier Immobilier helps its customers determine the value of their real estate assets.

In 2011, it structured into two business lines – an advisory and appraisal line and a marketing line – that incorporated *B&D Conseils* during the year, specializing in small- and medium-sized commercial spaces.

Its professionalism and its compliance with a strict code of ethics have qualified all of Crédit Foncier Immobilier's activities to receive the *Regulated by RICS*[1] label, from one of the largest international associations of real estate professionals.

Bond market

Compagnie de Financement Foncier, a subsidiary of Crédit Foncier, whose covered bonds are rated AAA/Aaa/AAA, is one of the world's top private issuers of secured bonds. In 2011, it issued €8.7 billion in covered bonds, including three new benchmarks that were well received by investors, for a total of €3.5 billion, with maturities ranging from three to ten years.

In total, Crédit Foncier issued €9.9 billion in 2011.

Banque Palatine

52 branches

8,550 business customers

110,000 private customers

€6.6 billion in customer loan outstandings

€12.4 billion in customer savings (balance sheet and off-balance sheet)

Dedicated to business banking and wealth management, Banque Palatine helps its customers achieve their personal and professional goals.

Banque Palatine has confirmed the quality of its business model. As a human scale entrepreneurial bank, it establishes a true financial partnership with its customers and provides truly personalized support.

2011 significant events

- Its new slogan *The Art of being a banker* is driven by a real corporate project. It is the subject of an advertising campaign to promote the lasting and tailored partnerships it forms with its customers.
- Banque Palatine transferred its electronic payment and DTP activities to "entities" of Groupe BPCE.
- It entered into an investment-based partnership with Axcior Corporate Finance, a mergers and acquisitions consulting firm.

Corporate customers

Banque Palatine continued its steady development among medium-sized enterprises with revenues ranging from €15 to €500 million, its target market.

For some of them, it arranged two studies in Morocco, bringing its customers and prospects into contact with potential Moroccan partners.

It launched a comprehensive online corporate banking service. 85% of its customers have migrated to the new EBICS and *SwiftNet* protocols.

Banque Palatine solidified its position in corporate finance by advising and arranging 65 transactions.

It reinforced its leadership among regulated real estate professions with nearly 40% of national banking inflows, and it positioned itself among some 40 movie, audiovisual, and entertainment companies.

Individual customers

New customer acquisitions were very strong among individuals with more than €50,000 in financial assets, with 463 new accounts opened. The volume of total savings exceeded €4.046 billion.

OTHER COMMERCIAL BANKS IN FRANCE

Other Groupe BPCE banks, often among the oldest in their region, help reinforce the economic development of their region or have the ability to meet the needs expressed by certain categories of customers, enterprises, small businesses, or individuals, with dedicated savings and financing solutions and services.

Specialized bank	Description
Crédit Maritime Mutuel	A cooperative bank serving stakeholders in coastal and port cities
Affinity and partner banks	
Banque BCP	A bank for Portuguese or Polish individual and professional customers in France
Regional banks	**Region**
Banque Chaix	Bouches-du-Rhône, Vaucluse
Banque Dupuy, de Parseval	Languedoc-Roussillon
Banque Marze	Ardèche, Drôme
Banque de Savoie	Rhône-Alpes
Crédit Commercial du Sud-Ouest	Aquitaine

(1) *The Royal Institute of Chartered Surveyors.*

OVERSEAS AND INTERNATIONAL NETWORKS

BPCE International et Outre-mer (BPCE IOM) handles the commercial bank's business outside of France. A wholly-owned subsidiary of BPCE, it comprises 13 banks, with a majority stake in 11 of them, and three specialized subsidiaries.

BPCE IOM operates in a cooperative spirit that respects local brands and cultures. It aims to develop a lasting relationship between its banks and their individual, professional, and corporate customers in the countries and regions where they operate.

In 2011, BPCE IOM helped its subsidiaries to build their activities in support of local economies. It added new banks and continued to seek acquisition opportunities in growing markets with significant savings capacities in Africa and Asia.

BPCE IOM acquired 75% of BMOI (Banque Malgache de l'Océan Indien) and, with Crédit Coopératif, purchased a 19.4% stake in Banque Nationale de Développement Agricole du Mali (BNDA).

BPCE IOM sold its entire capital investment in Crédit Immobilier et Hôtelier (CIH) in Morocco, or 23.8% of its share capital.

The expertise of specialized subsidiaries

Three specialized companies are related to BPCE IOM:

- Ingépar arranges the complex financing of assets in overseas territories, including transportation; real estate, hotel land industrial projects, and public-private partnerships.
- Pramex International and its 90 consultants in 15 countries assist the international development of more than 600 businesses a year.
- Océorane, originally specialized in tax-optimization Girardin operations, has been managed on a run-off basis for two years.

2011 significant events

- New services were developed. In La Réunion and New Caledonia, a remote banking application for smartphones was launched. A prepaid card for young adults was created in La Réunion. In Saint-Pierre and Miquelon, an online bank card payment system for small companies wanting to expand their online sales was implemented. BICEC, Cameroon's top bank, introduced a mobile payment and money transfer solution *via* Orange Money, a first in Central Africa. Non-life insurance products were expanded for banks in the overseas territories.
- Pramex International was involved as an advisor in 24 corporate finance operations on behalf of medium-sized and intermediary businesses.

INSURANCE

A major *bancassureur* in France, Groupe BPCE draws on its insurance subsidiaries and partnerships with leading insurance companies.

With the *Ambition Banker Insurer* plan, the Group is seeking to accelerate the development of provident and non-life insurance in its networks. This is not to juxtapose an additional business area, but to meet customer needs, both in their professional activities and in their private life, and to bring expertise through comprehensive and consistent insurance solutions for savings, provident, and non-life.

Life insurance

Several companies contribute to design and manage life insurance contracts distributed by the Group networks:

- CNP Assurances, France's leading personal insurer, is a partner of the Caisses d'Epargne, with support from Ecureuil Vie Développement. *Nuances Capi,* for private wealth management and protected persons, was launched successfully in 2011;
- Natixis Assurances provides life-insurance products to the Banque Populaire banks and to independent financial advisors. *BlueEden Patrimoine,* a new life insurance policy with an open architecture for high-net-worth customers, is distinguished by its flexibility and its highly extensive selection of financial solutions;
- Prépar Vie distributes its product in the BRED Banque Populaire network.

In total, net inflows from life insurance totaled €1.6 billion for the Group, which reflects good resiliency in a difficult context.

Non-life and provident insurance

Non-life and provident insurance cover people and property.

The Group's main structures are CNP Assurances, BPCE Assurances, owned in partnership with Macif and MAIF, and Natixis Assurances in partnership in non-life insurance with MAAF.

BPCE Assurances manages a portfolio of more than 2.4 million contracts distributed by the Caisse d'Epargne network, Crédit Foncier, and Banque BCP. Its production increased by more than 10%, with 590,000 new policies sold. Two policies were renewed this year: the *GAV* and the *MRH Assur-Toit.*

Natixis Assurances' non-life and provident lines for individual and small business customers performed strongly in the Banque Populaire network. Its income grew more than 8%. Natixis Assurances sold a new, modular auto insurance offer. Customized for individual and professional customers, it can be adjusted to different automotive uses and profiles.

Payment-protection insurance and guarantees

Natixis Assurances works alongside CNP Assurances in payment-protection insurance for Caisses d'Epargne and Banques Populaires customers. Natixis Assurances posted a 45% increase in its revenues this year.

France's second-largest issuer of real-estate guarantees, *Compagnie Européenne de Garanties et Cautions* (CEGC), a Natixis subsidiary, achieved revenues of €254.4 million.

1.6.2 Natixis: the corporate, investment, and financial services arm

CORPORATE AND INVESTMENT BANKING

Corporate and Investment Banking (CIB) by Natixis offers its corporate, institutional, insurance, and banking clients financing and capital-markets solutions including advisory services, origination, structuring, and investments. Internationally, the CIB businesses are based on three platforms: Americas, Asia-Pacific, and Europe (excluding France)/Middle East/Africa (EMEA).

As part of the New Deal strategic plan launched in 2009, Natixis' CIB is following a customer-oriented strategy. After a booming first half of the year, the second half of the year was marked by the sovereign debt crisis in Europe and the tightening financial and economic environment. At this difficult time, Natixis' CIB saw a positive effect by refocusing its activities and improving its organization. CIB activities are organized into three lines of business – structured and specialized financing, the interest rate, foreign exchange, and commodities markets, and the equities markets – alongside cross-functional coverage.

Customer relationships

With its coverage division, Natixis develops a close relationship with its major customers, including corporations, financial institutions, and the public sector. It supports them on a global level, advises them, and offers the most suitable products and services available from the bank. Customer coverage is sectoral (expertise in 10 strategic sectors) and geographical (national, regional, and international). It has 2,500 customers, including 90% of France's top 350 companies.

Financing

Natixis designs structured financing solutions for its corporate and institutional customers, as an advisor and arranger, particularly in asset financing and international trade financing, energy, commodities, real estate, strategic, acquisitions, and financial engineering.

Recognized expertise

Its specialized and structured financing won 34 *"Deal of the Year"*[1] awards on project segments, commodities, structured export, maritime, and aerospace, with the title "Innovative Bank 2011"[2]. In 2011, Natixis became the second biggest project financing advisor in the EMEA area[3] and the world's fifth largest financial advisor[4].

The arrangement for financing the acquisition of Parmalat by Lactalis for €7.5 billion was named "Best EMEA Loan"[5], and the issue of $3 billion in revolving credit for Vale was named "Best Latin American Loan"[5]. Natixis also attended the consortium led by Bouygues Bâtiment Ile-de-France as a financial advisor, arranger, and coverage bank for the Balard project, a public-private partnership contract for the future headquarters of the Ministry of Defense and chiefs of defense in Paris.

In a joint venture with the capital markets, Natixis created Global Structured Credit & Solution (GSCS), an insurance and credit solution as well as a securitization platform. It placed 100% of catastrophe bonds in euros and more than 18% of those issued worldwide.

In the renewable energy sector, Natixis is ranked 10th worldwide arranger[6] with 11 full capacity 1,260 MW operations in 2011. These projects can be distinguished by their technological diversity – biomass, photovoltaic solar, solar thermal, onshore wind, and offshore wind, including a set of 80 wind turbines – and their geographical diversity, with projects in France, Spain, Italy, Germany, United States, Canada and the United Arab Emirates.

Capital markets

Interest rate, foreign exchange, credit, and commodities

In these markets, Natixis is involved in both sales and trading, offering its customers investment and hedging products for OECD and emerging countries.

With its global debt platform, Natixis provides its customers with unique access to the credit market. This integrated approach makes it possible to identify the best solution to fit customer needs in terms of syndicated loans, primary bonds, securitization, credit solutions, and insurance.

The bank strengthened its position as an issuer of bonds from financial institutions, businesses, and French branches[7]. It ranks third in the global market for euro-denominated bond issues[8] and won several distinctions, including best bank for secured bonds in 2011[9] and greatest improvement in 2011 in the syndicated loan market[10].

Equities

The Equities division includes derivative and intermediation activities. It provides enhanced, comprehensive services for the entire line of equities products and can handle all corresponding flows.

Natixis is recognized for the quality of its equity research, which covers 350 securities in 23 sectors.

In the primary equity market, Natixis and Lazard-Natixis confirmed their top position and their leadership in linked equity issuances in France.

Natixis is also working on an online service for capital markets. Its secure platforms guarantee best execution and operate 24/7 for foreign exchange transactions.

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(1) Project Finance Magazine, Project Finance International, Global Trade Review, Trade Finance Magazine, IFR, Jane's Transport Finance, Finance Asia, IFR Asia, etc.

(2) Jane's Transport Finance – Aircraft Finance Innovator of the Year - Transport Finance Award 2011.

(3) EMEA advisory mandates closed classification.

(4) Project Finance International.

(5) IFR International Financing Review - Review of the Year 2011 IFR.

(6) Projects larger than €50 million, Thomson Reuters, 12/31/2011.

(7) Top bookrunner in the primary bond market, denominated in euros, with financial institutions in terms of number of operations in 2011 (*unsecured senior debt, covered bonds, guaranteed issues, subordinated debt, and securitization. Source: Dealogic). Top bookrunner in the primary bond market, denominated in euros with French financial institutions in 2011 (source: Dealogic). Second highest bookrunner in the primary bond market, denominated in euros with French corporate institutions in 2011 (source: Dealogic).*

(8) Third highest bookrunner in the primary bond market, denominated in euros, in terms of number of transactions in 2011 (source: IFR/Thomson Reuters).

(9) The Cover / Euroweek - Covered Bond Awards 2011.

(10) EuroWeek, 2011 Syndicated Loans Awards.

Research

CIB research (economic, credit, equity, quantitative) is part of the process of creating financial solutions that meet the needs of its customers. As a high added value service, the analyses published each day by Natixis make it easier for customers to make strategic decisions.

INVESTMENT SOLUTIONS

The Investment Solutions division includes asset management, insurance, private banking and private equity. It relies on distribution networks that have been adapted to the specifics of its markets. With its global expertise in asset management, it can meet the needs of its institutional and private customers.

Asset management

Natixis Global Asset Management is among the top 15 asset managers in the world[(1)], with €543.9 billion in assets under management at the end of 2011, solid positions in Europe and the United States, and intense development in Asia.

A "multiboutique" model

Natixis Global Asset Management relies on about 20 affiliated companies practicing all styles of management in the main asset categories. In an unfavorable time, its offer and diversified geographical coverage have afforded it a satisfying year, with slightly increasing inflows. Declining in Europe, activity increased in the United States and Asia, where major mandates were won, mainly in China.

Expertise and distribution

Natixis Global Asset Management opened a distribution office in Madrid, Spain, and entered into a distribution partnership with Japan's Daiwa Bank. It has continued to expand its management expertise, with a partnership involving a 25% equity interest in the IDFC AM management company in India. It has a majority interest in Darius Capital Partners, which specializes in alternative investment advising and is located in Paris and New York, and it created AEW UK, a real estate management platform in London.

In France and Europe, Natixis Asset Management increased its market share[(1)], won multiple key contracts, and launched some ten products in all asset categories. Top ranked for the quality of its commercial relationship[(2)], Natixis Asset Management offers renowned expertise in fixed-income, European-equity and socially-responsible-investment management. Its assets under management totaled €284 billion at the end of 2011, or 52% of the total amount managed by Natixis Global Asset Management.

Insurance

Natixis Assurances offers a range of solutions for life insurance, provident insurance, payment-protection insurance, and non-life insurance. It is aimed at individuals, independent professionals, and businesses. It is distributed by the banking networks of Groupe BPCE, mainly by the Banque Populaire banks, and by independent asset management providers, management companies, and private banks, for which dedicated subsidiaries Natixis Assurances Partenaires and Natixis Life in Luxembourg meet the needs of private wealth management customers.

Net inflows have remained positive in life insurance, in spite of the financial crisis. Assets under management were €37.7 billion, an increase of 3%. Non-life insurance continued its strong climb, with revenues up 8%. Provident and payment-protection insurance posted a very significant increase in revenue (+20%), reflecting the ambitious strategy of the Banque Populaire banks in equipping their customers with insurance policies.

Several new policies were introduced, including a modular auto insurance policy and a high-end life insurance policy in the Banque Populaire network and, for independent asset management providers and private banks, fund management.

Private banking

Dedicated entirely to private investors, private banking services are provided by Banque Privée 1818 in France and by Natixis Private Banking in Luxembourg. To increase business, it capitalizes on three high-potential distribution channels: Groupe BPCE networks, independent financial advisors, and direct customers, notably those referred by Natixis.

In 2011, private banking developed a family office service and set up a life insurance platform for the Group's networks. In addition, the merger of 1818 Partenaires and Sélection R in March resulted in Sélection 1818, a dedicated subsidiary for independent financial advisors. With €2 billion in net inflows, private banking assets under management totaled €18.9 billion at the end of 2011.

Private equity

Natixis' private equity expertise, through its entrepreneurial knowledge and "one stop shop" model, offers resilient and solid investment alternatives to international institutional customers. The business that covers the venture capital, development capital, and transmission segments and the selection of external funds currently manages more than €2.9 billion. In 2011, the six management teams were able to adapt to a highly unstable environment by changing their products and services.

SPECIALIZED FINANCIAL SERVICES

Specialized Financial Services develops a range of products and services designed and managed with a focus on the Group's banking networks and those of other financial institutions.

Specialized financing

Factoring

A key player in factoring in France, Natixis Factor reached a record level of revenue in 2011 at nearly €25 billion, an increase of 18%. A stronger presence of specialists in the regions, through the Banque Populaire and Caisse d'Epargne networks, provides a more efficient request to the needs of their customers. Natixis Factor launched two new products, the balance buyback and a pan-European multi-domestic solution, mainly designed for key accounts with more than 50% of their revenue factored in 2011.

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(1) Source: Europerformance as of 12/31/2011.

(2) Source: "Image et Finances" study - Le Baromètre de la gestion déléguée – 2012 - December 2011.

Sureties and guarantees

Compagnie Européenne de Garanties et Cautions occupies strong positions in the French real-estate market: ranked 2nd in real estate sureties among individuals[1], a key guarantor for property managers and realtors, and a co-leader in completion guarantees among house builders. Nearly 40,000 guarantees were issued to businesses, especially online market sureties, which have been very popular. In 2011, CEGC issued 300,000 guarantee documents for €23 billion.

Lease financing

Natixis Lease provides real estate lease financing within all of the Group's networks and is ranked number one in the French market[1], providing equipment and property leasing. New business exceeded €3 billion in 2011, with an 18% growth in equipment leasing. Natixis Energeco, a major player in financing renewable energy in France, generated €204 million in new business, an increase of 3%. Natixis LLD and GCE Car Lease merged to create Natixis Car Lease, which manages a fleet of 18,000 long-term rental vehicles.

Consumer credit

Ranked number three in France[1], Natixis Financement designs and manages the revolving and personal loans issued by the Group's networks. All products are in compliance with the law on consumer credit, which became effective in May 2011.

Development continues on a shared management platform with BNP Paribas Personal Finance. Partnerships with the Group's networks are expanding and growing stronger. New loans totaled €6.1 billion, an increase of 6%. The number of loans under management totaled 3,447,000 at the end of the year.

Cinema and audiovisual financing

Ranked number one in France[2], Natixis Coficiné finances the production, distribution, and operation of cinematic and audiovisual works.

A total of 456 new projects were set up in 2011, for a total of €590 million, 75% of which was for cinema. Three of the financed films drew 30 million viewers in 2011, a wonderful year for French film.

Financial services

Employee benefits planning

Natixis Interépargne and Natixis Intertitres together offer a full range of products in employee benefits planning: savings plans, retirement savings, employee share ownership, collective insurance and service vouchers.

Natixis Interépargne consolidated its position as the leading keeper of employee savings accounts in France[1] with more than 3 million employee accounts, 50,000 businesses, and a market share of 25%[3]. The leader in employee savings plans also solidified its top position in employee savings, with 56.2%[4] of the market, posting a strong increase in the Perco market[3] with a market share of more than 30%[5] in accounts under management and more than 25%[5] in assets under custody. Employee savings plans for SMEs and small businesses also grew strongly, with more than 11,000 new contracts.

Natixis Intertitres introduced its entire product line to the Caisse d'Epargne network. Its market share topped 13.9%[5] for *CESU Domalin*® and reached nearly 12% for the Chèque de *Table*®, whose total number of users were up 15% in one year.

Payment vouchers were expanded with *CA DO Carte*, launched by Titres Cadeaux, a subsidiary of Natixis and La Banque Postale, becoming the fourth-largest issuer[6] of gift certificates in France.

Payments

France's third-biggest operator of payment systems, with market share of 21%, Natixis Paiements recorded a 9% increase in payment systems and stable business in the processing of checks and other flows. The development of innovative payment solutions, including the contactless payment card, will continue to be developed in 2011 for customers of Groupe BPCE networks.

Securities

Ranked number two in retail custody and private wealth management in France, the EuroTitres department handles all of the securities networks for the Group's networks and many leading banking and financial players.

In an unfavorable environment, assets under management declined, and there were 4.4 million securities accounts under management.

(1) Natixis studies.

(2) Natixis Coficiné studies.

(3) AFG as at June 30, 2011.

(4) Finansol June 2011.

(5) Natixis Interépargne as at December 31, 2011.

(6) Titres Cadeaux as at December 31, 2011.

1.6.3 Equity interests

NEXITY

Nexity and its corporate project *Nexity Demain,* launched in 2011, strive to be a part of all real estate projects. Under its own brand, the Group provides individuals, businesses, and local governments with the most comprehensive range of consulting and expertise, products, services, and solutions in order to meet all needs. Its business areas – transaction, management, design, promotion, layout, advising, and all related services – are set up to serve and support them. Top ranked in its sector, Nexity is firmly committed to its customers, the environment, and society.

The 2011 results show the Group's strength, its strong sales, and the quality of its management. In terms of sales, Nexity continued to improve, with a strong increase in market share in residential real estate and a historically high number of commercial real estate orders. Together, the order books for these two activities are at their highest levels ever. In services and networks, performance is solid, and the Group has taken steps to make them even better. Financially, the results are satisfactory, with a strong balance sheet and significant unused financing capacity.

In line with projections, 2011 revenues totaled €2.6 billion. Current operating income was €212 million, excluding expenses related to the *Nexity Demain* project, for an operating margin of 8.1% and current income after taxes equaling €122.2 million.

MAISONS FRANCE CONFORT

Maisons France Confort is a leading company for homebuyers in France [1] and one of the top players providing ownership opportunities to first-time homebuyers.

Its revenues totaled €584 million, an increase of 32%.

Maison Performances, a steel-frame house providing excellent value in terms of quality, price and performance confirmed its potential, and the *Concept MFC 2020,* the first positive energy home, which comes with an electric car, was launched.

COFACE

Coface provides businesses with credit insurance solutions and helps them assess and prevent the risk of financial collapse by their buyers. It also manages public guarantees (which cannot be insured in the private market) to support French exports. Its international network gives it a presence in 79 countries, either directly (66 countries) or through its CreditAlliance network partners.

In 2011, Coface refocused its core business (credit insurance) and reorganized around seven geographical platforms for more personal service and high service quality.

In 2011, revenues increased 7.4% to €1.55 billion, 83% of which was from credit insurance. The claims ratio and the net cost ratio for reinsurance improved (57% and 25.2% respectively). Current net income was €121 million, excluding restructuring costs (+21%).

(1) *Le Moniteur, December 23, 2011.*

2

CORPORATE GOVERNANCE

2.1 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, 2011

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, 2011;
- 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 Groupe BPCE.

A preliminary presentation of this report was made to the Appointments and Remuneration Committee on February 21, 2012 (the section on governance) and to the Audit Committee on February 21, 2012 (the section on internal control and risk management). It was then again presented for approval to the Supervisory Board at its meeting held on February 22, 2012.

The external statutory will issue a specific report, appended to their report on the annual financial statements, 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.

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

CORPORATE GOVERNANCE

In preparing this report, BPCE referred to the Corporate Governance Code for listed companies published in December 2008 and updated in April 2010 by the French Private Companies Association and the French Business Confederation (hereinafter, the AFEP-MEDEF Code), including the October 2008 recommendations on executive pay, as set out in Article L. 225-68 of the French Commercial Code.

Only certain provisions were not followed, given that they were regarded as inapplicable with respect to BPCE's operating procedures as a cooperative company and the composition of its Board. These provisions were as follows: terms of office and the staggered renewal of Board member terms, Board member ownership of a material number of shares, and the proportion of independent directors on the Supervisory Board and its committees.

Regarding terms of office, unlike the maximum four-year term recommended in the AFEP-MEDEF Code, the statutory term of office of BPCE Supervisory Board members is six years, which meets the requirement that members must have experience and a more comprehensive view of BPCE's business and activities.

Similarly, renewals of BPCE Board members' terms are not staggered due to Groupe BPCE's cooperative structure and the need, given how recently BPCE was established, to provide a degree of stability and balanced representation of both Groupe BPCE networks (Caisse d'Epargne and Banque Populaire).

Groupe BPCE's cooperative organization also explains why the Appointments and Remuneration Committee's proposals regarding the appointment of Board members only concern members from outside Groupe BPCE.

Regarding 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.

BPCE has chosen not to follow the recommendation concerning the proportion of independent directors on the Board and its committees, in favor of giving majority representation to the Caisses d'Epargne and Banque Populaire banks.

Furthermore, BPCE formally adheres to and implements the AFEP-MEDEF Code recommendations on compensation of company directors.

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COMPOSITION OF THE SUPERVISORY BOARD

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

Guidelines

Pursuant to Article 21 of the bylaws amended by the Extraordinary Shareholders' Meeting of May 19, 2011, BPCE's Supervisory Board is made up of 10 to 18 members. At December 31, 2011, it consisted of seven representatives of category A shareholders (Caisses d'Epargne et de Prévoyance), seven representatives of category B shareholders (Banque Populaire banks), and four independent members within the meaning of the Corporate Governance Code for listed companies published in December 2008 by AFEP-MEDEF and updated in April 2010[(1)].

In accordance with Article L. 2323-62 of the French Labor Code, the bylaws also stipulate the presence of non-voting representatives from the company's work council.

Appointment method

During the company's life, and subject to co-opting, Supervisory Board members are appointed by the shareholders at the Ordinary General 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.

Independent members are proposed by the Appointments and Remuneration Committee to the Supervisory Board, which asks the Management Board to put their appointment to a vote at the Ordinary General Shareholders' Meeting.

Supervisory Board members hold office for a term of six years. Supervisory Board members' duties end at the close of the Ordinary General Shareholders' Meeting convened to rule on the financial statements for the past fiscal year, held during the year in which their term expires. BPCE Supervisory Board members' duties will therefore end at the close of the Ordinary General Shareholders' Meeting to be held in 2015 to rule on the financial statements for the fiscal year ending December 31, 2014.

Board members may be re-elected subject, to no limitations other than age-related limitations contained in the bylaws (68 years old).

Gender equality of the Supervisory Board

At December 31, 2011, BPCE had four women on its Supervisory Board out of a total of 18 members, i.e., a proportion of over 20%. BPCE is therefore in compliance with the provisions of the Act of January 27, 2011, i.e., the "Copé Zimmermann Act," on the balanced representation of women and men on Boards of Directors and Supervisory Boards. The composition of the Board is now compliant with the proportion that should be reached by 2014 according to the law. A proportion of 40% of women will have to be reached by 2017.

Members

Philippe Dupont served as Chairman of the Supervisory Board until January 1, 2012, in accordance with Article 24 of the BPCE bylaws.

Mr. Dupont, 60, was Chairman and CEO of Banque Fédérale des Banques Populaires from 1999 to 2009, and Chairman of the Management Board of Natixis from 2006 to 2009. For 12 years, he headed of a commodities trading firm and was then Chairman of the Board of Directors of BP ROP Banque Populaire (now Banque Populaire Val de France) from 1983 to 1999.

Yves Toublanc served as Vice-Chairman of the Board until January 1, 2012. On this same date, he became Chairman of the Supervisory Board as per his appointment at the Board meeting on December 15, 2011, in accordance with Article 24 of the BPCE bylaws.

Yves Toublanc, 65, has been Chairman of the Steering and Supervisory Board (COS) of Caisse d'Epargne Rhône Alpes since 2007. He was active in the fields of finance control and financial management for many years, then in the management in subsidiaries in the Saint-Gobain Group and then the Poliet Group. As a CEO, he founded and managed an industrial companies group in the Rhône-Alpes region until 2011.

Since January 1, 2012, Stève Gentili has served as Vice-Chairman of the Board, and was appointed to that office at the December 15, 2011 Board meeting.

Stève Gentili, 62, has been Chairman of BRED Banque Populaire since 1998. He headed a large agribusiness company until 2004. He is also Chairman of the *Agence des Banques Populaires pour la Coopération et le Développement* (ABPCD) and President of the economic organization for the summit of the Heads of State of French-speaking countries.

The Board includes the following category A shareholder representatives:

- Yves Toublanc, Chairman of the Steering and Supervisory Board of Caisse d'Epargne Rhône Alpes, Chairman of the BPCE Supervisory Board since January 1, 2012;
- 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 Board includes the following category B shareholder representatives:

- Philippe Dupont, Chairman of the BPCE Supervisory Board until January 1, 2012;
- Stève Gentili, Chairman of BRED Banque Populaire, Vice-Chairman of the BPCE Supervisory Board since January 1, 2012;
- 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;
- Bernard Jeannin, Chief Executive Officer of Banque Populaire Bourgogne Franche-Comté.

The following are independent members:

- Maryse Aulagnon, independent member, Chairman and Chief Executive Officer of Groupe Affine;
- Laurence Danon, independent member, Chairman of the Management Board of Edmond de Rothschild Corporate Finance;
- Marwan Lahoud, independent member, Head of Strategy and marketing and member of the Executive Committee of EADS;
- Marie-Christine Lombard, independent member, Chairman and Chief Executive Officer of TNT Express.

(1) A complete description of the shareholder categories is provided on page 397

Non-voting directors

The Supervisory Board includes seven non-voting members acting in an advisory capacity.

Natixis is a non-voting director as of right (Article 28.1 of the BPCE bylaws), represented by its Chief Executive Officer, Laurent Mignon.

The six other non-voting directors are appointed at the Ordinary General Shareholders' Meeting.

Three non-voting members are appointed from among the candidates proposed by category A shareholders, per Article 31, paragraph 9:

- Michel Sorbier, Chairman of the Fédération Nationale des Caisses d'Epargne;
- Pierre Carli, Chairman of the Management Board of Caisse d'Epargne de Midi-Pyrénées;
- Alain Denizot, Chairman of the Management Board of Caisse d'Epargne Nord France Europe.

Three non-voting members are appointed from among the candidates proposed by category B shareholders, per Article 31, paragraph 9:

- Raymond Oliger, Chairman of the Fédération Nationale des Banques Populaires;
- Gils Berrous, Chief Executive Officer of Banque Populaire Nord;
- Alain Condaminas, Chief Executive Officer of Banque Populaire Occitane.

ROLE AND OPERATING PROCEDURES OF THE SUPERVISORY BOARD

Duties and powers

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 financial statements prepared by the same 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 at the Ordinary General Shareholders' Meeting.

In accordance with the law, the following transactions cannot be performed by the Management Board without 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 (it being specified that the Board set at €200 million the annual amount for disposals of buildings by type and at €200 million the amount for total or partial disposals of Equity interests; the Board's authorization for these transactions shall not be required if the previous limits were not exceeded); this limit was changed to €100 million by the Supervisory Board on December 15, 2011);
- 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, based on proposals by the Chairman of the Management Board;
- set the method and amount of compensation 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 Statutory Auditors at the Annual General Shareholders' Meeting;
- decide to move the registered office 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 strategic guidelines of Groupe BPCE and each of the networks;
- authorize acquisitions and sales of Equity interests in the networks for an amount greater than €100 million;
- authorize any proposed transaction[1] that is part of the BPCE strategic plan and carried out by BPCE or its subsidiaries for an amount greater than €100 million (by Supervisory Board decision of August 4, 2011, which reduced the limit from €200 million to €100 million);
- authorize any proposed transaction[2] by BPCE that is not part of the BPCE strategic plan, regardless of the transaction amount;
- approve the company's annual budget and determine the rules for calculating contributions due from affiliated institutions;
- approve disposals of securities;
- authorize regulated agreements pursuant to the French Commercial Code;
- approve Groupe BPCE's internal solidarity mechanisms;
- approve the national and international agreements involving each of the networks and Groupe BPCE as a whole;
- approve the general criteria that must be met by the directors of Groupe BPCE's affiliated institutions, 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 institutions or remove authorizations from directors of affiliated institutions and make other dismissals as set out in Article L. 512-108 of the French Monetary and Financial Code;
- approve the creation or elimination of a Banque Populaire bank or Caisse d'Epargne, including through the merger of two or more Banque Populaire banks or two or more Caisses d'Epargne et de Prévoyance;

(1) Refers to any proposed investment or divestment, any proposed contribution, merger, spin-off, or restructuring, any joint venture or any proposed partnership by the company or its subsidiaries, and the negotiation or signing of any national or international agreements on behalf of the caisses d'épargne et de prévoyance, the banque populaire banks and related entities and, in any of these cases, any banking transactions and transactions connected thereto.

(2) Same as above.

- examine and approve the main risk limits relating to Groupe BPCE and each network, as defined by the Management Board; perform regular examinations and checks on Groupe BPCE'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 audits performed by the Group's *Inspection générale* division;
- appoint BPCE's representatives to the Natixis Board of Directors; of these representatives, from the Caisses d'Epargne and representatives from the Banque Populaire banks will be of identical number and will hold at least the majority of seats together;
- adopt the Board's internal rules[(1)].

The Supervisory Board's decisions, taken from the standpoint of the company exercising its functions as the central institution of the networks, are preceded by a consultation with Natixis.

Decisions subject to a qualified majority vote (12 of 18 members):

- any decision to subscribe for or acquire (or to enter into any agreement binding the company for the purpose of subscribing for 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 of 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 Annual General Shareholders' Meeting any changes to the bylaws with regard to the company the terms of governance;
- any merger, demerger, spin-off, or related decision involving the company;
- any decision to appoint the Chairman or remove the Chairman of the company's Management Board from office;
- 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.

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.

The internal rules enhance the work done by Supervisory Board members, by promoting the application of corporate governance principles and best practices in the interests of ethics and efficiency.

Their purpose is also to supplement the bylaws, mainly 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;
- recalling the cases requiring the Board's prior approval, as specified by law, which appear in Article 27.1 of the company's bylaws;
- recalling the decisions requiring the Board's prior approval for significant transactions ("Important Decisions" and "Key Decisions"), which appear in Articles 27.3 and 27.4 of the company bylaws;
- recalling the Board's reporting rules;
- specifying the duties of the various committees, for which they serve as the internal rules;
- specifying the obligation of professional secrecy and the obligation of confidentiality binding the members of the Supervisory Board and its committees;
- defining penalties applicable in the event that members of the Supervisory Board or of a committee fail to comply with any of their obligations.

Independence of members

In keeping with the corporate governance principles and best practices 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.

In addition, the Supervisory Board and each of its committees include elected or co-opted independent members. The definition below is based on the AFEP-MEDEF Code recommendations. However, BPCE does not follow the AFEP-MEDEF Code recommendations concerning the proportion of independent directors on the Supervisory Board and its committees: because of Groupe BPCE's cooperative structure, the proportion of directors representing the Caisse d'Epargne and Banque Populaire networks is larger than the portion of independent directors as defined in the AFEP-MEDEF Code (four in number).

The criteria stated below are designed to define a member's independent status. The guiding principle is that "a member is independent if he has no relationships of any sort with the company, the Group it belongs to or its management, which might compromise the free exercise of the member's judgment."

An independent member must not:

- be an employee or executive director of the company or Groupe BPCE, 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* (SPPE) or any other entity in which the government has a direct or indirect majority interest;
- be an executive director of a company in which the company directly or indirectly has the office of director or in which a designated employee or executive director 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 free exercise of the members' judgment;

(1) All provisions are included in the Chairman's report.

- have a close family link with an executive director of the company or its group;
- have been an examiner, accountant, or permanent or temporary statutory auditor of the company or of any of Groupe BPCE's companies during the last five years;
- have been an executive director of the company for more than 12 years; or
- receive or have received any substantial additional compensation from the company or Groupe BPCE, excluding attendance fees and including participation in any stock option package or any other performance-based compensation package.

The term "executive director" refers to any person who assumes, in the company or any of Groupe BPCE's companies, executive management duties, 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 Groupe BPCE'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 Groupe BPCE'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 individual situation or that of the company, with regard to his shareholding or for any other reason.

Integrity of members

In accordance with the internal rules of BPCE's Supervisory Board, Supervisory Board members must perform their duties with honesty 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 regarding 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 Groupe BPCE 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 and 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 or her 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 present observations 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;
- must request and make every effort to obtain, within an appropriate time, the information which they consider they need to be able to hold informed discussions at Supervisory Board meetings.

Conflicts of interest

To the company's knowledge:

- there are no potential conflicts of interest between the duties of the Supervisory Board members with regard to the issuer and other private duties or interests. If required, the Supervisory Board's internal rules govern the conflicts of interest of any member of the Supervisory Board;
- there is no arrangement or agreement with an individual shareholder, client, supplier, or other, under which any of the Supervisory Board's members has been selected;
- there are no family ties between the Supervisory Board members;
- no restriction, other than legal, is accepted by any of the Supervisory Board members regarding the disposal of their Equity interest in the company's capital.

Declaration of non-conviction

To the company's knowledge, to date, no member of BPCE's Supervisory Board has been convicted of fraud in the last five years. To the company's knowledge, to date, no member of BPCE's Supervisory Board has been declared bankrupt or in liquidation, or had assets put in receivership, in the last five years.

ACTIVITIES OF THE SUPERVISORY BOARD

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. 823-17 of the French Commercial Code, the Statutory Auditors have been invited to Board meetings examining full-year and half-year financial statements.

The BPCE Supervisory Board met 12 times between January 1 and December 31, 2011. In 2011, the average attendance rate for Supervisory Board members was 91.66%. In addition to issues routinely discussed quarterly Management Board reports, regulated agreements, approvals of executives and various items presented for information purposes) the main issues dealt with at Supervisory Board Meetings were as follows:

Governance – Internal operating procedures of the Board

- Determination of variable pay and remuneration policy for executives;
- Adoption of remuneration policy principles for persons belonging to the "regulated population" within BPCE as well as Groupe BPCE's credit institutions, pursuant to Article 38-4 of Regulation 97-02 of the French Banking and Financial Regulations Committee (CRBF);
- Adoption of rules for the distribution of the attendance fee budget;

- Appointment of Anne Mercier-Gallay as a member of the Management Board, in charge of Group Human Resources, to replace Jean-Luc Vergne;
- Monitoring of the Board evaluation process by an outside firm on the basis of an individual, anonymous questionnaire and review of the evaluation summary. This process to highlighted areas for improvement relating in particular to the type of information and deadlines for submitting matters topics to the Supervisory Board.

Finance

- Presentation of BPCE's annual financial statements for the year ended December 31, 2010;
- Presentation of BPCE's quarterly and first half-year financial statements;
- Approval of the 2012 budget;
- Review of impacts relating to Basel III;
- Review and monitoring of European stress tests;
- Review and monitoring of Groupe BPCE's solvency and liquidity ratios;
- Approval of the terms of the new BPCE home loans securitization fund refinancing program;
- Authorization for BPCE to buy-back all of the preference shares (category C shares) from *Sociéte de Prise de Participation de l'État* and to cancel them;
- Authorization for BPCE to subscribe for to the capital increase of Crédit Foncier de France for up to €1.5 billion.

Audit – Compliance – Risks

- Monitoring of Autorité de Contrôle Prudentiel (ACP, the French Prudential Supervisory Authority) reports and enquiries;
- Improvements made by Groupe BPCE to the management of the Group's risks on a consolidated basis;
- Approval of the Chairman of the Supervisory Board's report on internal control;
- Review of the reports on the operation of internal control prepared pursuant to Article 42 of CRBF Regulation 97-02, and on the measurement and supervision of risks, prepared pursuant to Article 43 of CRBF Regulation 97-02: work of the *Inspection générale* department, annual compliance report, annual report of the investment services compliance offices (RCSI), report of the annual check control program, report on credit risks, update on accounting risks;
- Definition of the threshold criteria on asset-liability management risks (Art. 17 *ter* of CRBF Regulation 97-02).

Strategic operations

- Strategic Plan monitoring;
- Authorization to sell its 98.1% Equity interest in Foncia to the Bridgepoint / Eurazeo consortium;
- Authorization for the merger by absorption of Banque Populaire du Sud Ouest by Banque Populaire Centre Atlantique;
- Authorization to sell BPCE's Equity interests in Eurosic via Nexity (32.1%) and Banque Palatine (20.1%) to Batipart, Covea and ACM Vie.

Depending on the type of matters submitted to the Supervisory Board, discussions were held and decisions made on the basis of reports presented by the relevant Board committees.

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. Their duties, resources and make-up 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 remit of a committee created by it is preceded by the referral of the matter to said committee, and a decision may only be made 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 frame (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 Groupe BPCE or a non-voting director to any of these committees.

On each of the committees, a Chairman is in charge of organizing the work. The Chairman of each committee is appointed by the Supervisory Board.

Audit and Risk Committee

Composition

The Audit and Risk 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.

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;
- Bernard Comolet, Chairman of the Management Board of Caisse d'Epargne Île-de-France;
- Jean Criton, Chief Executive Officer of Banque Populaire Rives de Paris;
- Marie-Christine Lombard, Chairman and Chief Executive Officer of TNT Express;
- Pierre Valentin, Chairman of the Steering and Supervisory Board of Caisse d'Epargne Languedoc-Roussillon.

The Chairman and Vice-Chairman of the Supervisory Board receive the reports of the Audit and Risk Committee and may take part in the Committee's meetings if they so choose.

Duties

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

In this capacity, it monitors the quality of information provided to shareholders, and more generally fulfills duties set out in the French Commercial Code as amended by ministerial 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 Audit and Risk Committee monitors:

a) the process of preparing financial information, the statutory audit of the annual and consolidated financial statements, as well as the Statutory Auditors' independence.

In this respect, its duties include:

- reviewing quarterly, half-year and annual consolidated financial statements of the company and Groupe BPCE, 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;
- verifying that the information provided is clear;
- reviewing the scope of consolidated companies and supporting evidence thereof;
- assessing the appropriateness of accounting methods adopted for preparing the company's individual financial statements and the consolidated financial statements of the company and Groupe BPCE;
- 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 Groupe BPCE;
- issuing recommendations on the statutory auditor selection procedure, and on the Statutory Auditors proposed for appointment at the Annual General Shareholders' Meeting;
- ensuring that the Statutory Auditors are independent, specifically by reviewing the itemized fees that are paid to them by Groupe BPCE 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 Statutory Auditors' work schedule, the results of their audits and recommendations, and any follow-up action;

b) the efficacy of internal control and risk management systems.

In this respect, its duties include:

- assessing the quality of the internal controls performed by the company and Groupe BPCE, 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 Groupe BPCE;
- reviewing the total risk exposure of the company's and Groupe BPCE's activities, based on relevant reports;
- formulating opinions on Groupe BPCE's broad policies in terms of risk and compliance, specifically on the risk limits reflecting risk tolerance as presented to the Board;
- proposing to the Board the materiality 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 Groupe BPCE's *Inspection générale* division is independent, and authorized to receive from Groupe BPCE's institutions, 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 *Inspection Générale* division;
- ensuring that the findings of audits performed by the *Autorité de contrôle prudentiel* and *Inspection générale* department whose, of which summaries regarding the company and Groupe BPCE's entities are disclosed to it, are addressed;
- reviewing the follow-up letters sent by the *Autorité de contrôle prudentiel* and issuing an opinion on the draft replies to these letters.

Activities

The Audit and Risk Committee met seven times between January 1 and December 31, 2011. The average attendance rate at these meetings was 92.86%.

The main issues that it dealt with were as follows:

FINANCE:

- Presentation of BPCE's annual financial statements for the year ended December 31, 2010;
- 2012 Budget;
- Presentation of BPCE's quarterly and first half-year financial statements;
- Monitoring of European stress tests;
- Review and monitoring of Groupe BPCE's solvency and liquidity ratios;
- Monitoring of management of the intra-group ratio requirements;
- Review of the impacts of Basel III;
- Opinion on the buy-back of all preference shares issued in favor of SPPE;
- Review of the terms of the new BPCE home loans securitization fund funding program;
- Review of the terms and conditions of BPCE's subscription for the capital increase of Crédit Foncier de France for up to €1.5 billion.

AUDIT – COMPLIANCE – RISKS:

- Monitoring of Autorité de Contrôle Prudentiel reports and enquiries;
- Review and monitoring of the Chairman of the Supervisory Board's report on internal control;
- Review of the reports on the operation of internal control prepared pursuant to Article 42 of CRBF Regulation 97-02, and on the measurement and supervision of risks, prepared pursuant to Article 43 of CRBF Regulation 97-02: work of the *Inspection générale* division, annual compliance report, annual report of the investment services compliance officer, report of the annual check control program, report on credit risks, update on accounting risks;
- Updates on Group risks: forecasted risk mapping, consolidated risk reporting, focus on the Basel II program;
- Updates on the work of the Compliance and Security division;
- Updates on the work of *Inspection générale*: recommendation follow-up reporting, presentation of the 2012 audit plan;
- Review of risk supervision mechanisms (mapping, reporting Basel II focus program);

- Monitoring of the Group and BPCE business continuity plan;
- Monitoring the work of the Statutory Auditors and update on their compensation;
- Regular reporting management of Natixis workout portfolio assets;
- Review of the threshold criteria on asset-liability management risks (Art. 17 *ter* of CRBF Regulation 97-02);
- Monitoring the implementation of the run-off management of the limited joint stake company Triton.

STRATEGIC OPERATIONS:

- Review of the plan to sell BPCE's Equity interest in Foncia to the Bridgepoint / Eurazeo consortium;
- Review of the merger by absorption of Banque Populaire du Sud Ouest by Banque Populaire Centre Atlantique;
- Review of the plan to sell BPCE's Equity interests in Eurosic via Nexity (32.1%) and Banque Palatine (20.1%) to Batipart, Covea and ACM Vie.

Appointments and Remuneration Committee

Composition

This Committee has been chaired by Laurence Danon since July 31, 2009, the date she was appointed by the Supervisory Board as an independent member.

The other members of the Appointments and Remuneration Committee are also selected on the basis of their expertise and professional experience:

- Catherine Amin-Garde, Chairman of the Steering and Supervisory Board of Caisse d'Epargne Loire Drôme Ardèche;
- Maryse Aulagnon, Chairman and Chief Executive Officer of Groupe Affine;
- Gérard Bellemon, Chairman of the Board of Directors of Banque Populaire Val de France;
- Stève Gentili, Chairman of BRED Banque Populaire;
- Pierre Mackiewicz, Chairman of the Steering and Supervisory Board of Caisse d'Epargne Côte d'Azur.

Stève Gentili, appointed Vice-Chairman of the BPCE Supervisory Board starting as of January 1, 2012, resigned from his duties as member of the Appointments and Remuneration Committee. He was replaced as of that date by Pierre Desvergnes, Chairman of CASDEN Banque Populaire.

Duties

The Appointments and Remuneration Committee assists the Supervisory Board on the following matters:

COMPENSATION

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 Annual General Shareholders' Meeting.

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 Groupe BPCE's compensation policy, particularly the policy regarding the senior management of affiliated institutions;
- reviews and issues opinions on the insurance policies taken out by the company in terms of executive 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 Groupe BPCE, it being stipulated that Supervisory Board members from inside Groupe BPCE are proposed to the Board in keeping with the company bylaws and Article L. 512-106 of the French 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). An external evaluation procedure was conducted in 2011;
- examining the draft of the Chairman's corporate governance report.

Activities

The Appointments and Remuneration Committee met eight times between January 1 and December 31, 2011. The average attendance rate at meetings was 100%.

The main issues dealt with by the Appointments and Remuneration Committee in 2011 were as follows:

- Levels and terms of fixed and variable remuneration for Management Board members;
- Remuneration policy for persons belonging to the "regulated population" within BPCE and Groupe BPCE's credit institutions, pursuant to Article 38-4 of CRBF Regulation 97-02;
- Determination of rules for the distribution of the attendance fee budget;
- Determination of the variable compensation budget for BPCE traders[1];
- Appointment of one Management Board member;
- Review and follow-up of the Chairman of the Supervisory Board's report on internal control;
- Selection of two outside directors in compliance with the bill on balanced representation of men and women on Boards of Directors;
- Coordination of the Board evaluation process by an outside firm and review of the evaluation's conclusions.

(1) Traders include persons covered by regulation 97-02 on the internal control of credit institutions, specifically those categories of employees whose activities have a significant impact on the Group's risk profile.

Cooperative Committee

Composition

The Cooperative Committee was chaired by Philippe Dupont, and subsequently by Yves Toublanc, Chairman of the Supervisory Board since January 1, 2012, 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, Chairman of the Management Board of Caisse d'Epargne Île-de-France;
- Jean Criton, Chief Executive Officer of Banque Populaire Rives de Paris;
- Pierre Desvergnes, Chairman of CASDEN Banque Populaire;
- Francis Henry, Chairman of the Steering and Supervisory Board of Caisse d'Epargne Lorraine Champagne-Ardenne;
- Philippe Dupont, Chairman of the BPCE Supervisory Board until January 1, 2012.

Duties

The Cooperative Committee is in charge of formulating proposals and recommendations to promote and incorporate into Groupe BPCE'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 Groupe BPCE and each of its networks.

DETAILS CONCERNING TO THE PARTICIPATION OF SHAREHOLDERS AT THE ANNUAL GENERAL SHAREHOLDERS' MEETING (ARTICLE 30 OF BPCE'S BYLAWS)

1° Annual General Shareholders' Meetings are convened and held under the conditions set forth in the applicable regulations.

These meetings are held at the company's registered office or at any other location specified in the meeting notice.

Ordinary General Shareholders' Meetings convened to approve the annual financial statements for the fiscal year ended are held within the five months following the end of said fiscal year.

2° Only shareholders of category A, category B, and ordinary shares are entitled to participate in Annual 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 third business day prior to the Annual General Shareholders' Meeting.

3° Shareholders who are not able to attend an Annual General Shareholders' Meeting in person may select one of the following three options:

- give a proxy vote to another shareholder or to his or her spouse; or
- vote by post; or
- send an instrument of proxy to the company without indicating the name of the proxy.

4° Annual 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, Annual General Shareholders' Meetings are chaired by a member of the Supervisory Board appointed by the Supervisory Board for this purpose. Failing this, the Annual General Shareholders' Meeting elects its own meeting Chairman.

The shareholders at the Annual General Shareholders' Meeting appoint a set of Meeting officers.

The scrutineers consist of two shareholders willing to carry out the task and representing, 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 Annual General Shareholders' Meeting.

An attendance sheet is kept, in accordance with the conditions set forth in the applicable regulations.

5° The Ordinary General Shareholders' Meeting may only be validly held on first notice if the shareholders present or represented own at least one-fifth of the voting shares with rights. The Ordinary General Shareholders' Meeting is validly held on second notice regardless of the number of shareholders present or represented.

The decisions of the Ordinary General Shareholders' Meeting are made by a majority of the votes of the shareholders present or represented, including shareholders voting by post.

6° The Extraordinary Shareholders' Meeting may only be validly held on first notice if the shareholders present or represented own at least one-fourth of the shares with voting rights.

The Extraordinary Shareholders' Meeting may only be validly held on second notice if the shareholders present or represented own at least one-fifth of the shares with voting rights.

The decisions of the Extraordinary Shareholders' Meeting are made by a two-thirds majority of the votes of the shareholders present or represented, including shareholders voting by post.

The Ordinary General and Extraordinary Shareholders' Meetings exercise their respective powers under the conditions set forth in the applicable regulations.

7° Copies and excerpts of Annual General Shareholders' Meeting minutes are certified by the Chairman or Vice-Chairman of the Supervisory Board, a member of the Management Board, or the secretary of the Annual General Shareholders' Meeting.

8° The Ordinary General and Extraordinary Shareholders' Meetings exercise their respective powers under the conditions set forth in the applicable regulations.

RULES AND PRINCIPLES GOVERNING THE SETTING OF REMUNERATION AND BENEFITS

Remuneration of Supervisory Board members

At the July 31, 2009 Combined General Meeting, the total amount of attendance fees payable by BPCE was set at €600,000. This compensation is detailed in pages 90 to 93.

Remuneration of Philippe Dupont, Chairman of the Supervisory Board until December 31, 2011

- annual fixed pay: €400,000;
- annual housing allowance: €42,000;
- attendance fees: 0.

Remuneration of Yves Toublanc, Chairman of the Supervisory Board as from January 1, 2012

- annual fixed pay: €400,000;
- attendance fees: 0.

Attendance fees paid to Supervisory Board members

Yves Toublanc, Vice-Chairman of the Supervisory Board until December 31, 2011:

- fixed annual attendance fees: €80,000;
- attendance fees paid for each meeting attended, up to a limit of nine meetings during the fiscal year: €1,500.

Stève Gentili, Vice-Chairman of the Supervisory Board as from January 1, 2012:

- fixed annual attendance fees: €80,000;
- attendance fees paid for each meeting attended, up to a limit of nine meetings during the fiscal year: €1,500.

Other Supervisory Board members:

- fixed annual attendance fees: €10,000;
- attendance fees paid for each meeting attended, up to a limit of nine meetings during the fiscal year: €1,000.

Additional Remuneration of Supervisory Board members

Marwan Lahoud, Chairman of the Audit and Risk Committee:

- fixed annual attendance fees: €30,000;
- attendance fees paid for each meeting attended, up to a limit of seven meetings during the fiscal year: €500.

Other members of the Audit and Risk Committee:

- fixed annual attendance fees: €5,000;
- attendance fees paid for each meeting attended, up to a limit of seven meetings during the fiscal year: €500.

Laurence Danon, Chairman of the Appointments and Remuneration Committee:

- fixed annual attendance fees: €15,000;
- attendance fees paid for each meeting attended, up to a limit of seven meetings during the fiscal year: €500.

Other members of the Appointments and Remuneration Committee:

- fixed annual attendance fees: €2,000;
- attendance fees paid for each meeting attended, up to a limit of seven meetings during the fiscal year: €500.

Remuneration of non-voting members

Pursuant to Article 28.3 of the bylaws, the Supervisory Board has decided to compensate non-voting members by making a deduction from the attendance fees allocated to Supervisory Board members at the Annual General Shareholders' Meeting.

Non-voting directors receive:

- fixed annual attendance fees: €5,000;
- attendance fees paid for each meeting attended, up to a limit of six meetings during the fiscal year: €500.

Remuneration of Management Board members

In accordance with Article 19 of BPCE's bylaws and on the recommendation 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 as respect of 2011 at its February 22, 2011 meeting.

These criteria were defined as follows:

- the share of quantitative criteria in variable pay represents 60%, with the specification that no variable portion would be paid if Groupe BPCE's Tier-1 ratio was less than 8.5% for 2011. These quantitative criteria are defined as follows:
  - income before tax before exceptional items (gross operating income + cost of risk + share in income/(loss) of associates + net gains/losses on other assets + change in goodwill) represents 30% of variable pay. If the target for this criterion as set by the Supervisory Board is reached, Management Board members would be entitled to receive the entire 30%,[1]
  - the cost/income ratio represents 30% of variable pay. If the target for this criterion as set by the Supervisory Board is reached, Management Board members would be entitled to receive the entire 30%.[1]
- the share of qualitative criteria in variable pay represents 40%. These criteria are comprised of the following duties:
  - completion of the "capital and liquidity" project both from a conceptual standpoint and in terms of the management tool, in response to the new Solvency II and Basel III requirements,
  - consolidated risk management,
  - development of the networks,
  - governance: improved collaboration and liaison with the various decision-making bodies.

In addition, it has been decided that any variable pay received from other Group entities will be deducted from the variable pay determined 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 an excutive from a Groupe BPCE credit institution that awards variable pay is appointed to BPCE's Management Board.

On the proposal of the Appointments and Remuneration Committee, BPCE's Supervisory Board set the following compensation for the Chairman and the members of the Management Board at its meeting on February 22, 2011:

François Pérol:

- fixed pay: €550,000;
- variable pay: target at 150% of the budget reached, with a maximum of 200%;
- annual housing allowance: €60,000 (for information purposes, François Pérol does not collect this allowance).

Nicolas Duhamel:

- fixed pay: €500,000;
- variable pay: target at 80% of the budget reached, with a maximum of 100%.

Olivier Klein:

- fixed pay: €500,000;
- variable pay: target at 80% of the budget reached, with a maximum of 100%.

Philippe Queuille:

- fixed pay: €500,000;

(1) *The Supervisory Board has specified the precise levels expected for these quantitative objectives. They have not been made public for confidentiality reasons.*

- variable pay: target at 80% of the budget reached, with a maximum of 100%.

Jean-Luc Vergne (claimed his pension rights as from September 19, 2011):

- fixed pay: €500,000;
- variable pay: target at 80% of the budget reached, with a maximum of 100%.

Anne Mercier-Gallay (replaced Jean-Luc Vergne as from September 19, 2011):

- fixed pay: €500,000;
- variable pay: target at 80% of the budget reached, with a maximum of 100%.

With regard to the terms of payment for the variable pay in respect of 2009:

- deferred for a fraction representing 25%, in 2011 and 2012 (12.5%) for Jean-Luc Vergne and Nicolas Duhamel;
- the deferred portion shall not apply in the event of retirement or death, as well as in special situations assessed by the Board (the variable portion would then be paid at the same time as the event);
- Since François Pérol waived his right to a bonus or variable pay for 2009, he does not receive any deferred portion for this fiscal year.

Payment of the deferred portion is contingent upon attaining a Group Return on Equity (ROE) at least equal to 4%; this level stipulated for with respect to the level of ROE in 2009 and the levels stipulated in 2010 and 2011.

With regard to the terms of payment for the variable pay in respect of 2010:

- deferred for a fraction representing 70%, in 2012, 2013 and 2014 (23.33% each year), for François Pérol;
- deferred for a fraction representing 50%, in 2012, 2013 and 2014 (16.66% each year), for Olivier Klein, Nicolas Duhamel, Philippe Queuille and Jean-Luc Vergne;
- the deferred portion is indexed to the change in net income attribuable to equity holders of the parent, assessed as a rolling average over the three calendar years preceding the allocation year and the payment year, without taking into account calendar years prior to 2010;
- the deferred portion shall not apply in the event of retirement or death, as well as in special situations assessed by the Board (the variable portion would then be paid at the same time as the event).

Payment of the deferred portion is contingent upon attaining a Group ROE at least equal to 4%; this level is determined with respect to the level of ROE in 2010 and the levels determined in 2011, 2012 and 2013.

With regard to the terms of payment for the variable pay in respect of 2011:

- deferred for a fraction, based on the amount of the variable portion, in 2013, 2014 and 2015 (in thirds), for all members of the Management Board;
- the deferred portion is indexed to the change in net income attribuable to equity holders of the parent, assessed as a rolling average over the three calendar years preceding the allocation year and the payment year, without taking into account calendar years prior to 2010;
- the deferred portion shall not apply in the event of retirement or death, as well as in special situations assessed by the Board (the variable portion would then be paid at the same time as the event).

Payment of the deferred portion is contingent upon attaining a Group ROE at least equal to 4%; this level is determined with respect to the level of ROE in 2011 and the levels determined for 2012, 2013 and 2014.

2.1.2 Internal control and risk management procedures

GENERAL ORGANIZATION

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 rested with the Management Board and the Supervisory Board.

The Management Board defines and implements 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. It is responsible for 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 keeps the Audit and Risk Committee and Supervisory Board regularly informed of the main items and main conclusions shown from the analysis and monitoring of risks associated with the activities and results of Groupe BPCE.

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. To this end, the Board is supported by an Audit and Risk Committee in charge of preparing its decisions and formulating recommendations. The duties, resources and make-up and activity of this Committee in 2011 are detailed in the section of this report on corporate governance.

Participants in the internal control system

1. Organization at the Group level

Groupe BPCE's control system, like that of the central institution, is based on three levels of control pursuant to banking regulations and sound management practices: two levels of permanent control and one level of periodic control. Integrated control processes have been set up in accordance with decisions made by BPCE's Management Board.

PERMANENT HIERARCHICAL CONTROL (LEVEL ONE)

Permanent hierarchical control (level one) is the first link in internal control and is performed by the operating or functional departments under the supervision of their line management.

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;
- supporting account balances arising from activity in the accounts concerned by transactions initiated in these departments.

Depending on the situations and activities, these level-one controls are performed, jointly if applicable, by a special middle-office type control unit or accounting control entity, or otherwise by the operational staff themselves.

Level-one controls are reported formally to the permanent control divisions or functions concerned.

PERMANENT CONTROL BY DEDICATED ENTITIES (LEVEL TWO)

Permanent level-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 division and the Group Risk Management division.

Other central functions are essential participants in the permanent control framework: the Group Finance division, responsible for accounting control, the Legal Affairs division, the Operations division responsible for information systems security, and the Group Human Resources division responsible for issues affecting the remuneration policy.

PERIODIC CONTROL (LEVEL THREE)

Periodic control within the meaning of Article 6-b of Regulation 97-02 is performed by the Group's *Inspection générale* division implemented across all entities and activities, including permanent control.

2. Process-based organization

Integrated permanent and periodic control processes have been implemented within Groupe BPCE. Three permanent control and periodic control divisions have been set up within the central institution that oversees these processes: the Group Risk Management division and Group Compliance and Security division are in charge of permanent control, and the Group's *Inspection générale* division is in charge of periodic control. The permanent and periodic control functions located within affiliates and subsidiaries subject to banking supervision report to BPCE's corresponding central control divisions regarding control processes integrated by a strong functional link. This link includes approval of the appointment and termination of managers in charge of permanent or periodic control functions at affiliates and direct subsidiaries; reporting, disclosure and warning obligations; standards implemented by the central institution and recorded in repositories; and the definition or approval of control plans. These links have been defined in charters covering each business process. The whole system was approved by the Management Board on December 7, 2009 and presented to the Audit Committee on December 16, 2009. It has also been presented to BPCE's Supervisory Board.

Coordination of the control system

The Chairman of the central institution's Management Board is responsible for ensuring the consistency and effectiveness of permanent controls.

A Group Internal Control Coordination Committee (CCCIG), chaired by Chairman of the Management Board or his representative, meets periodically, on a monthly basis.

This committee has responsibility for dealing with all issues relating to the consistency and effectiveness of the Group 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 Group control framework;
- highlighting areas of emerging or recurrent risk, arising from developments in business, changes in the operating environment or the state of the 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 controls 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 the Group, and coordinating, where necessary, initiatives developed by the permanent control functions of the central institution.

Committee members include the Management Board member in charge of Group Finance, the Head of Group Operations, Heads of periodic control (the Group's *Inspection générale* division) and permanent control functions (Group Risk Management division, Group Compliance and Security division), the Group Head of IT system security (RSSI), and the person responsible within the Group Finance division for overseeing the accounting control process. The member of the Management Board in charge of Commercial Banking and Insurance is a standing member. 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.

RISK MONITORING AND CONTROL PROCEDURES

Groupe BPCE's Risk Management division 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 Groupe BPCE's operating divisions. Its operating procedures, particularly with regard to business processes, are set out in Groupe BPCE's Risk Management Charter, which was approved by BPCE's Management Board on December 7, 2009 and updated on May 10, 2010. The Risk Management divisions of parent company affiliates and of subsidiaries subject to banking supervision regulations have strong functional links with this committee. Other subsidiaries report functionally to the Risk Management division.

Main duties of the Group Risk Management division:

- helping to draw up risk policy on a consolidated basis, examining overall risk limits, taking part in discussions for capital allocation, and ensuring that portfolios are managed in accordance with these limits and allocations;
- helping the Management Board to identify emerging risks, concentrations and other adverse developments, and to devise 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 a comprehensive analysis;
- responsibility for permanent supervision, including detecting and resolving limit breaches, and for centralized forward-looking internal and external risk reporting on a consolidated basis (including reporting to the regulator);
- responsibility for level two control of certain processes for preparing financial information (valuation methods, adjustments, provisioning, determination of market values);
- managing risk information systems in close coordination with the information technology (IT) divisions by defining the standards to be applied for the measurement, control, reporting and management of risks. The Risk Management division is responsible for permanent level two controls of the reliability of risk information systems;
- coordinating the risk management process.

Detailed activities by risk category

1. Credit risk

Risk measurement relies on rating systems adapted to each type of client and transaction. Groupe BPCE's Risk Management division is responsible for defining and controlling its performance.

Decisions are made at Groupe BPCE within the framework of delegation procedures, a system of internal ceilings and limits, relating to each client group (a company composed of its subsidiaries) on a consolidated basis, and a principle of comprehensive analysis involving the Risk Management division, with a right of appeal that may result in submission to the higher-level Credit Committee.

The delegation system within Groupe BPCE and the central institution is structured as follows:

- delegation given to the Group Credit Committee;
- delegation given to Groupe BPCE's Watchlist and Provisions Committee;
- delegation given to the Credit Committee dedicated to credit institution subsidiaries (excluding Natixis) and affiliates;
- delegation given to the Credit Risk Committees dedicated to the Caisses d'Epargne;
- delegation given to the Credit Risk Management Committees dedicated to the Banque Populaire banks;
- delegation given to the BPCE Risk Management Committee (central institution);
- delegation given to the Credit Committees within the institutions.

Within Groupe BPCE, an internal rating methodology shared by both networks (specific to each client segment) was established for individual and professional retail customers in early 2010. Implementation of the corporate rating tool shared by the Banque Populaire network and Natixis was initiated in the Caisses d'Epargne. Deployment is scheduled for early 2012.

Like the process currently in place throughout the Banque Populaire banks, the Risk Management divisions of the Caisses d'Epargne and the former Groupe Caisse d'Epargne subsidiaries are ultimately responsible for approving corporate ratings after a counter-appraisal by the analysts, deploying the principle of the "advisor" rater (person authorized to approve internal ratings) at the Group level. As concerns the accounts under the authority of the Banque Populaire Credit Risk Committee, the rating is approved by the Committee based on a recommendation by the Risk Management division.

Risk monitoring within Groupe BPCE relates to the quality of information, which is necessary for proper risk assesment, on the one hand, and the level and development of risks taken on the other. Compliance with the application of standards and quality of data is managed through monitoring established in all of the approved areas using an internal rating. A supervision department, in connection with the consolidated Risk Management division, handles portfolio analysis to help identify main concentrations of risk.

The different levels of control within Groupe BPCE operate under the supervision of the Risk Management division, which is also responsible for consolidated summary reporting to the various decision-making bodies.

Sensitive matters – cases managed on the Watchlist[1] – and the provisioning policy for the main risks shared by several entities (including Natixis) are regularly examined by the Group Watchlist and Provisions Committee.

The Risk Management division measures and monitors compliance with regulatory ceilings at the Group level for the BPCE Group Risk Management Committee, in accordance with Regulation No. 93-05 of December 21, 1993 relating to the control of large risk exposures.

The internal ceiling system based on to entities' net capital within the meaning of CRBF Regulation 90-02 set at a level below the regulatory ceiling, is applied to all Group entities. The Risk Management division measures and monitors compliance with these ceilings for the Group Risk Management Committee.

In addition, a Group limit system was established for the main asset classes. This limit system sets and monitors the maximum exposure levels that Groupe BPCE wishes to maintain to the main counterparty groups in each asset class.

At the same time, Groupe BPCE has continued its Basel II efforts, building on a Group management structure in charge of managing, coordinating and monitoring all of Groupe BPCE's work in this area. The group received approval to use the IRBA method for the Caisse d'Epargne network for the retail customer segment from December 31, 2011.

The next major projects that will be addressed by the Basel II program department within the Risk Management division involve the transition to the advanced method for Crédit Foncier de France's retail customer segment and the corporate segment of the Banque Populaire network.

WORK CARRIED OUT IN 2011

The Credit Risk division defined – and then the Group Standards and Methods Committee approved – the methodology for setting limits for the banking, corporate, regional public sector, and investment segments. Limits on the main counterparties can now be set.

At the same time, a credit risk policy on the regional public sector was defined for the entire Group.

The Group watchlist monitoring process continued to be improved to provide close oversight of counterparties determined to be "sensitive" and consistency in provisioning for the main doubtful loans shared by several entities. Additional provisioning standards were defined and will be presented for approval by the Group Risk Standards and Methods Committee.

(1) Watchlist: list of counterparties that are being specially monitored.

Nearly 1,400 counterparty groups, representing 53% (not including intragroup) of Group commitments excluding retail customers, were brought up to compliance in terms of clustering.

In addition, the Credit Risk division rolled out tools in both networks to help monitor the clusters and review Groupe BPCE's consolidated exposures to counterparty groups. It also provided change management support for the tools.

Lastly, optimization of the risk measurement system continued with the approval of the IRBA method of Caisse d'Epargne's retail customer segment at the end of 2011. Preparation for deploying the corporate rating tool in the Caisse d'Epargne network continued, for implementation in January 2012.

OUTLOOK

The work in 2012 will mainly be devoted to emphasizing and then expanding the Credit Risk division's permanent control system with regard to its activities and processes. Emphasis will also be placed on:

- finalizing the implementation of segment analyses, which may lead to implementing specific policies;
- improving ex-post review in terms of the volume of exposure covered;
- greater support in establishing standards in the information systems.

Lastly, special efforts will be made with regard to anticipating the cost of risk and producing a total Group watchlist, independently of the Group watchlist.

2. *Financial Risk*

a) Market risk

The Group Risk Management division has three principal areas of action:

MEASUREMENT

- determining the principles of market risk measurement, validated by the various appropriate Risk Management committees;
- implementing the tools needed to measure risk on a consolidated basis;
- producing risk measurements, including those corresponding to market operational limits, or ensuring that they are produced as part of the risk process;
- validating appropriate valuation models and performance metrics or ensuring that they are validated as part of the risk process. Where models are developed by institutions subject to the market Capital Adequacy Directive, it delegates approval of these valuation models to them and receives mapping of the approved models along with any approval comments;
- determining policies for adjusting values or delegating them to the Risk Management divisions of institutions subject to the Capital Adequacy Directive, and centralizing the information;
- providing level two approval of the management results for market activities and approving the central institution's treasury valuation methods.

LIMITS

- examining the limit framework and setting limits (global limits and, where necessary, operational limits) adopted by the various appropriate Risk Management committees, as part of the comprehensive risk analysis process;
- examining the list of authorized products within institutions not subject to the Capital Adequacy Directive, and the conditions to be complied with, and submitting them for approval to the appropriate Market Risk Committee;
- harmonizing processes for managing the trading portfolios compartments and medium- to long-term portfolios of the Banque Populaire banks and Caisses d'Epargne (monitoring indicators, setting indicator limits, the monitoring and control process, and reporting standards).

SUPERVISION

- examining requests for investments in financial products, in new capital market products or activities, by banking institutions not subject to the market Capital Adequacy Directive *via* the New Markets Products Committee;
- defining level two control procedures for market transactions, valuation prices and management results;
- consolidating the mapping of Group risks and establishing that of the central institution;
- carrying out or overseeing daily supervision of positions and risks with respect to allocated limits (overall and operational limits);
- setting reporting standards;
- organizing the decision-making framework for limit breaches;
- ensuring or overseeing the permanent supervision of limit breaches and their resolution;
- preparing the consolidated scorecard for the various decision-making bodies.

WORK CARRIED OUT IN 2011

Work was carried out with the Financial Risk Management departments in order to standardize and reinforce the monitoring of market risks within Groupe BPCE. The Group market risk repository, containing evaluation, control, and reporting standards, was supplemented by controls on private equity risks and by new standards for monitoring securitizations, which were approved by the Group Standards and Methods Committee.

A shared VaR measurement tool will be used to calculate a uniform and consolidated VaR on the trading book for Groupe BPCE as a whole starting in January 2012.

More generally, management of market risk is regularly reviewed by the Group Market Risk Management Committee.

Lastly, special quarterly monitoring of the Lagarde Report recommendations on identifying operational risks of fraud in market transactions which was established in 2010, helped Groupe BPCE reach a 98% aggregate rate of compliance with the recommendations on the trading books over the total scope of Groupe BPCE (Caisse d'Epargne network, Banque Populaire network, subsidiaries, Groupe BPCE SA).

OUTLOOK

In the interest of implementing a uniform, consolidated VaR for the Group, emphasis will be placed on the Group stress test project. The objectives of this project are:

- to measure hypothetical and historic stress tests in a Group application;
- to recalibrate hypothetical stress tests in terms of severity;
- to review the implementation of new scenarios.

Furthermore, the mapping of the networks' products and market risks, which is further detailed with respect to portfolio management, will be deployed groupwide in 2012.

b) Structural ALM risk

The Group Risk Management division forms part of the system for managing structural ALM risks (liquidity, interest rate, and exchange-rate risks). The financial risk management function is responsible for level two controls of these risks, and the Asset-Liability Management (ALM) Risk department validates the assumptions used to measure these risks, in particular:

- the list of identified risk factors and on- and off-balance-sheet risk mapping;
- back-testing of future production rates and prepayement rates;
- run-off distribution agreements, definition of instruments authorized to hedge balance sheet risks;
- monitoring indicators (in particular, stress tests and regulatory indicators), rules and reporting frequency 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 limit breaches, and monitoring action plans.

The Group Risk Management division examines requests for ALM limits defined by the ALM Committee, subsequently submitted for approval by the Group Risk Management Committee.

The Group Risk Standards and Methods Committee validates stress test scenarios defined by the ALM Committee. It defines stress test scenarios to supplement Group stress test scenarios, if required. More specifically, the financial risk function controls the following:

- 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 action plans to reduce risks.

All of these duties are the responsibility of each entity's risk management unit for its own scope and the Risk Management division on a consolidated level.

Each entity documents controls in a level two control report that includes:

- the quality of risk control procedures;
- observation of limits and monitoring of corrective action plans in the event of limit breaches;
- and analysis of changes to the balance sheet and risk indicators.

In addition, the ALM Risk department is responsible for level two control of structural interest rate, liquidity and foreign exchange risks. The department, comprised of financial risk managers of the affiliated institutions and the Risk Management division, is tasked with prevention, contributing to risk management policy, and permanent supervision of ALM risks.

WORK CARRIED OUT IN 2011

In connection with its system for managing and monitoring structural ALM risks, the ALM Risk department has enhanced its repository by including new control indicators, particularly with regard to liquidity and limit levels, in compliance with Article 17 *ter* of CRBF regulation 97-02.

In addition, the Group ALM risk repository was updated, along with the liquidity business continuity plan, in connection with the Finance division and with the Natixis Finance and Risk divisions.

At the same time, the initiatives of the institutions' Risk divisions were stepped up with the roll-out of harmonized ALM risk reporting. The ALM Risk Department also provided tools to the institutions of the Banque Populaire and Caisse d'Epargne networks to help monitor ALM metrics in order to facilitate their analysis. All of this reporting is consolidated at the Risk Management division level.

Lastly, both the Banque Populaire and the Caisse d'Epargne networks and Banque Palatine initiated a process to converge their tools and organizational charts, planned for the first half of 2012.

OUTLOOK

In 2012, the ALM Risk division will continue its program relating to the consolidated ALM risk reporting system in all of the institutions.

Likewise, the ALM Risk division will continue to participate in the ALM tools harmonization project, both as a future user of the tool, defining the needs of the risk department in terms of reporting and controls, and by validating decisions (business line, modeling options, processes) made in connection with this program for the purposes of controlling ALM risk management processes. This project will allow the risk department to calculate ALM indicators using its own parameters.

The ALM Risk division will also participate in preparatory work at the Group level for implementing the liquidity component under Basel III. Accordingly, the Risk Management division will review the approval of the methodology standards for producing the LCR (Liquidity Coverage Ratio) and NSFR (net stable funding ratio) Basel ratios.

Lastly, the Group ALM risk repository should be enhanced with more in-depth control collateral.

3. Operational risk

The Risk Management division contributes to the operational risk management policy. Its duties are:

- steering operational risk standards and methods with regard to risk for the Group: updating the operational risk repository and risk-monitoring standards;
- risk mapping based on uniform evaluation standards across the entire Group. The Group Risk Management division works in collaboration with the Compliance division to include non-compliance risk, in accordance with Groupe BPCE's charters;
- defining operational risk indicators;
- monitoring of risk hedging (action plans, business continuity 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 analyses of significant major incidents at the Group level, approval and supervision of remedial or preventative action plans relating to such major incidents;
- management of operational risk information systems, in close collaboration with the IT divisions, defining the standards to be applied for the measurement, control, reporting and management of operational risk.

WORK CARRIED OUT IN 2011

Several major priorities were addressed in 2011, including:

- the detailed operational risk repository harmonized for both networks was expanded to include non-compliance risks in order to provide a single risk mapping reference. The main objective of this convergence project is to have an overall, harmonized and consolidated view of the risks for all of Groupe BPCE's institutions;

- in the interest of improving operational risk monitoring mechanisms, records by institution were prepared and cover the main characteristics of the operational risk mechanisms;
- likewise, the permanent control process was improved by defining a standard control plan for the operational risk function. Its main objective is to be deployed throughout Groupe BPCE in order to reinforce the central institution's control tasks in relation to the processes implemented in the institutions. Defined by a working group made up of various institutions representing Groupe BPCE, the proposed control records templates must share best practices and provide a Group consolidation of the various controls carried out with regard to operational risk process components: incident data collection (quality, comprehensiveness, warnings), COREP reports, mapping (scope, consistency of ratings, etc.), indicators, risks to be managed, action plans;
- a preliminary version of an operational risk management tool, for harmonized for both the Banque Populaire and Caisse d'Epargne networks and the subsidiaries, was delivered by the software developer. Acceptance testing and change-management support were undertaken and roll out was initiated. The tool has already been rolled out in the Banque Populaire network;
- the automated production of quarterly or half year consolidated or detailed reporting from the operational risk Datamart was improved in 2011. These various reports define corrective action plans at the Group level, particularly for cross-company incidents;
- a working group comprised of institutions representing both networks was initiated to define risk indicators common to all of Groupe BPCE's institutions. They will be input into the operational risk management tool;
- lastly, the central institution's, the operational risk process was improved through awareness-raising and training of Operational Risk Managers. The scope of the risk mapping was expanded and enhanced to include new ratings.

OUTLOOK

Work in 2012 will be focused on change management and support for the Caisse d'Epargne network and the subsidiaries in the roll-out of the Group's operational risk management tool.

Emphasis will also be placed on strengthening the role of the coordination and supervision unit, particularly with regard to monitoring cross-functional groupwide action plans and monitoring the operational risk function's permanent control plans.

Lastly, the Operational Risk division will continue its efforts to bring data quality up to standard in the drafting of reports.

4. Underwriting risk related to insurance activities

The Risk Management division, in collaboration with the Insurance division, ensures the effective implementation and operation of the insurance risk monitoring processes (including underwriting risk) within Groupe BPCE's principal insurance companies, particularly Natixis Assurances, *Compagnie Europeénne de Garanties et de Caution*s (CEGC), BPCE Assurances and Prépar.

In this context, the principle of subsidiarity applies, with controls carried out first by the insurance companies, then at the level of the Risk divisions of the direct parent companies (Natixis and BRED Banque Populaire), and then by the Group Risk Management division.

Furthermore, with respect to Groupe BPCE's provident insurance policies, the Risk Management division participates in several committees alongside the Finance division.

OUTLOOK

In collaboration with the local Risk Management divisions and the Group's various insurance companies, the Risk Management division aims to set up consolidated risk monitoring scorecards covering the entire scope of Groupe BPCE. More specifically, the Group Risk Management division will verify the quality of the financial assets held by the insurance companies and will assess Groupe BPCE's aggregate exposure to sensitive issuers.

5. Intermediation risk

Intermediation risk is monitored at the central institution level by a system for monitoring transactions that have not yet been adjusted or unwound Natixis is in charge of intermediation activity, and supplies the necessary data to the central institution for controlling and monitoring this risk.

In concert with the Group Compliance and Security division, Commercial Banking conducts a broker review of the brokers selected for customer transactions in both networks' institutions.

6. Settlement/delivery risk

Customer orders in financial instruments are transmitted via the central institution to Natixis (Eurotitres), which subcontracts the account keeping and custody services.

7. Consolidated risk management

The division's roles are to implement cross-functional monitoring of consolidated risks for Groupe BPCE and for each of its subsidiaries, to build a consolidated risk management structure for the entire scope of BPCE, and to conduct or coordinate cross-functional risk analyses at the Group level and, if needed, for the entities.

To this end, it is responsible for:

- creating and administering uniform repositories and defining and then using Group risk-consolidation tools;
- calculating credit-weighted loan assets and managing the Group COREP (Common solvency ratio REPorting) system, and monitoring corrective actions and developments;
- directing cross-functional projects relating to information systems and processes;
- coordinating data quality monitoring.

It also defines and produces recurring (internal and regulatory) or specific reporting to inform the risk analyses. It conducts or coordinates cross-functional analyses of Groupe BPCE's risks and, if needed, of the entities.

Lastly, it structures the operation of the risk management committees and monitors their decisions. It coordinates risk communications, both internal and external, for Groupe BPCE as a whole, and follows the recommendations of the *Inspection générale* Division and the *Autorité de Contrôle Prudentiel*.

WORK CARRIED OUT IN 2011

The Group project on monitoring counterparty risk limits was completed in 2011. At the same time, work continued on harmonizing the clusters in the third-party repository tool (specific database listing the counterparties), with close to 1,400 client groups brought up to standard. The first data streams back to the institutions, information from the third-party repository, were initiated at the end of 2011. Changes were also made to the risk-weighted loan assets calculator in order to:

- incorporate changes in regulations;
- monitor the IRBA, particularly for the Caisses d'Epargne's retail customer oustandings, where change management activities were also completed.

Furthermore, in connection with Groupe BPCE's "scarce resources management project, a project that aims to optimize risk-weighted assets (RWA), mainly by improving the quality of data and processes, helped to identify several short/medium-term levers and related action plans. The division also implemented a risk-weighted asset simulation tool.

The format of Groupe BPCE's consolidated risk mapping was stabilized. The division also implemented forward-looking risk analyses aimed at identifying risk factors and their potential impacts on Groupe BPCE. Identifying these risk areas for the Group led to special in-depth reviews, particularly with regard to real estate loans to individuals. (This review was conducted with the Commercial Banking and Insurance division and the Risk Management division's credit risk division.)

Global stress tests were also conducted and coordinated for Groupe BPCE in close connection with the Finance division and the subsidiaries, under the aegis of the European Banking Authority (EBA). The results were published on July 15, 2011. Likewise, it directed the completion of assessment tests of the banks' capital requirements, taking into account conservative assessments of sovereign debt, also requested by the EBA. These results were published on December 8, 2011.

In addition, the division is overseeing the regulatory project to develop a turnaround and resolution plan for Groupe BPCE. The work is being done in close collaboration with the Finance, Legal Affairs, Strategy, and Group Compliance and Security divisions.

Lastly, a cross-functional process to monitor the insurance activities at the Group level was initiated in connection with the Commercial Banking and Insurance division.

OUTLOOK

The division must oversee the implementation of so-called Basel III regulatory changes affecting the calculation of risk-weighted assets. Several other new regulatory reports will have to be implemented.

The division will also have to continue its analytical work on Groupe BPCE's risk areas by conducting several reviews of specific portfolios. In connection with the Risk Management division's Market Risk Management division, it will focus special attention on will be paid to the securitization portfolio. It will oversee the implementation of a mechanism for internal stress tests with the Internal Methods and Validation division and will work with the Finance division to contribute to this process.

The Group turnaround and resolution plan will have to be finalized in connection with the other divisions of the central institution.

An preliminary insurance risk mapping exercise will have to be performed.

8. Permanent control and coordination of the risk departments

The objective of the Permanent Control and Coordination division of the risk departments is to provide permanent control of the risks of Groupe BPCE's institutions in terms of credit risk, financial risk and operational risk. This is handled independently of the non-compliance risks covered by the Group Compliance & Security division.

The main tasks of this division with regard to coordination of risk management processes are:

- monitoring and updating the risk management documents (charter, repositories, etc.);
- monitoring the organizational processes of the local Risk Management divisions;
- coordinating the management of management processes through several national day-long conferences;
- monitoring the work of the Risk Management Committees of the parent company affiliates;
- monitoring the training initiated by the Risk Management division for the institutions' risk departments;
- contributing to cross-functional projects affecting the Group's institutions.

For permanent control, the division's primary task is to establish and update the level two permanent control system for all of the risk departments (excluding compliance) of the affiliates and subsidiaries. It also consolidates the permanent control work of the Risk Management division.

WORK CARRIED OUT IN 2011

Since it was created, the division has revised the reporting associated with the organizational structure of the institution's Risk Management divisions.

At the same time, the division completed work and implemented working groups on risk-related subjects arising from the risk charters and/or repositories.

Lastly, it prepared summaries of the periodic control work performed both by the Group's *Inspection générale* division and by the Autorité du contrôle prudentiel in order to promote follow-up work.

OUTLOOK

Actions already underway will be stepped up in 2012, including:

- implementing a level two permanent control plan for risks (excluding compliance) in close coordination with all of the institutions. Roll-out in a pilot phase via a permanent control tool is scheduled for year-end 2012 or early 2013, with the development of benchmarks;
- strengthening coordination of the risk management processes;
- proposing standards for resources allocated to the risk management processes;
- updating reference documents, such as the Risk Management Charter and its related repositories.

Risk governance authorities

Risk Management committees at the Group level, of which the Risk Management division 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 Groupe BPCE, the central institution, the Banque Populaire network and the Caisse d'Epargne network, are as follows:

1. Cross-functionnal Committees

GROUPE BPCE RISK MANAGEMENT COMMITTEE: UMBRELLA COMMITTEE

Its scope covers the entire Group (central institution, networks and all subsidiaries).

It sets the broad risk policy, decides on the global ceilings and limits for Groupe BPCE and for each institution, validates the delegation limits of other committees, examines the principal risk areas for Groupe BPCE and for each institution, reviews consolidated risk reports, and approves risk action plans for the measurement, supervision and management of risk, as well as Groupe BPCE'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 Audit and Risk Committee (Regulation 97-02, Art. 33). The Group Risk Management Committee proposes criteria and thresholds to the Audit and Risk 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 Audit and Risk Committee twice a year of the conditions under which the limits set were observed (Regulation 97-02, Art. 39).

BPCE RISK MANAGEMENT COMMITTEE: COMMITTEE DEDICATED TO THE CENTRAL INSTITUTION

This Committee covers all types of risks.

With regard to credit risks, it carries out ex-ante validation of counterparty limits and of all commitments made by the central institution in terms of loans or guarantees granted to subsidiaries. It also reviews the commitments of BPCE SA.

With regard to financial risks, this Committee validates the limit mechanism and reviews limit usage and the portfolios.

With regard to operational and non-compliance risks, it validates operational and non-compliance risk mapping and the action plans within its scope. It reviews loss and incident reporting (alert procedure).

GUARANTEE MONITORING COMMITTEE (CSG)

This Committee decides all matters relating to the system for protecting workout portfolio assets (GAPC). Its duties include:

- monitoring the proper application of the guarantee system, and considering all decisions and projects referred to it by the Workout Portfolio Management Committee (CGAC), which may affect the guarantee mechanism and/or the obligations of Natixis or BPCE;
- reviewing quantitative data relating to the guarantee system for the relevant accounting period at each Natixis account-closing;
- carrying out arbitrage in accordance with the guarantee agreement;
- validating Natixis' strategic guidelines to be implemented by CGAC, including its risk policy, as regards workout portfolio management and ensuring that they are complied with;
- making decisions and determining the consequences of accounting reclassifications and, more generally, all changes to applicable accounting and prudential rules;
- validating the periodic call values 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 rebilling 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;
- acting as the referral body for any problems 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 guarantee system or guaranteed assets.

WORKOUT PORTFOLIO MANAGEMENT COMMITTEE (CGAC)

This Committee, established in 2009, replaced 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 guarantee 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 steering and monitoring body for all risks relating to activities transferred to the workout portfolio, as regards both counterparty and market risks.

Decisions are made 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 guarantee system, BPCE representatives may ask for the matter to be referred to the Guarantee Monitoring Committee before a decision is made. *Meetings are held monthly.*

Natixis' Risk Management division and Finance division, along with BPCE representatives, are able to add relevant issues to the agenda.

LOCAL COMMITTEES FOR MANAGING ASSETS CARRIED BY US, UK AND LUXEMBOURG ENTITIES

These committees deal with matters regarding guaranteed assets carried within their jurisdiction. These matters relate to Natixis workout assets managed in the US, 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 discussed. The committees' decisions cannot be deferred.

2. Credit risk

GROUP CREDIT COMMITTEE

This Committee sets limits relating to large counterparty groups common to several entities of Groupe BPCE and sets individual limits for a group of counterparties over a certain threshold. It makes credit decisions for loans over the authorization threshold of Caisses d'Epargne lending committees and of subsidiaries' Credit Risk Committees and caps or freezes enforceable against all Groupe BPCE's entities. Its scope covers the entire Group (central institution, networks and all subsidiaries). *Meetings are held at least every three months.*

BANQUE POPULAIRE CREDIT RISK COMMITTEE

This Committee handles ex-post reviews of loans exceeding a given threshold, credit risk reporting, monitoring, segment analyses, and the review of thematic surveys concerning the Banque Populaire network. It authorizes the opening of proposed syndications proposed to the Banque Populaire network. It also oversees the uncontested loan rule that is in force within the Banque Populaire network by approving the directors' ratings. *Meetings are held monthly.*

CAISSE D'EPARGNE CREDIT RISK COMMITTEE

This Committee applies the above-mentioned prerogatives of the Credit Risk Committee, except the approval of directors' ratings and the ex-post review of ratings (starting in 2012). *Meetings are held monthly.*

CAISSES D'EPARGNE COMMITMENT COMMITTEE

This Committee's duties include making ex ante decisions loans in the Caisse d'Epargne network above a threshold unique to each entity, up to the Group Credit Committee's threshold. *Meetings are held weekly.*

CREDIT RISK COMMITTEE DEDICATED TO SUBSIDIARIES OF CREDIT INSTITUTIONS EXCLUDING NATIXIS

This Committee makes advance decisions regarding any loan 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 the addition or removal of counterparties on 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 risk

Group decisions regarding market risks are made by the Group Market Risks Committee, which refers new products and capital market activities to the Group New Products Committee.

GROUP MARKET RISK COMMITTEE

This is a Group decision-making and oversight committee.

It supervises the scope of Group Central Treasury by establishing and monitoring limits, approving trader authorizations, and establishing the list of authorized products, limits, outstandings and maturities.

This Committee approves the Group's overall market risk supervision mechanism (Group Value at Risk or VaR), sets the market risk convergence targets at the Group level, and approves the Group's ALM limit mechanism.

With regard to the Group's institutions that handle their market risks using an internal model and above a certain threshold, the Committee monitor market risk ex-post through checks to monitor limit usage, limit breaches and limit changes.

For other institutions, the Committee performs an upstream analysis of the risks associated with a product and sets operational limits for its involvement (qualitative and quantitative conditions to be met and limit setting), conducts reviews annually or more frequently if necessary of the monitoring process and limits, and regularly monitors compliance with the limits. *Meetings are held every six weeks.*

GROUP NEW (MARKET) PRODUCTS COMMITTEE

This Committee provides ex-ante validation of new capital market products in the portfolios of institutions not subject to the market 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, especially within the scope of its financial activities. *Meetings are held as and when required.*

4. Operational risk

GROUP OPERATIONAL RISK COMMITTEE

This committee includes Groupe BPCE's different business lines that contribute to the single risk mapping reference (Compliance, Information System Security, Business Continuity Plan, and Financial Audit). Its purpose is to approve the operational risk mapping and action plans throughout the Group, and to perform consolidated monitoring of the level of losses, incidents, and alerts, including reports made to the Autorité de Contrôle Prudentiel under Article 17 *ter* for operational risks. *Meetings are held every three months.*

5. Standards and methods

GROUP RISK STANDARDS AND METHODS COMMITTEE

This Committee is responsible for defining common methodological, measurement, control and reporting standards for credit, ALM, market and operational risks to be applied within Groupe BPCE, and the consolidation standards for the central institution. It is tasked with approving shared models, comprehensive back-testing, and adjustments to the Basel mechanism. It covers all Group entities. *Meetings are held every two months.*

The Standards and Methods Committees dedicated to the Banque Populaire banks and Caisses d'Epargne, established during the transition period, have now been incorporated into a single Group Risk Standards and Methods Committee.

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 throughout Groupe BPCE. It approves the solutions to be put in place by Natixis and other subsidiaries to enable the central institution to monitor consolidated risks. Representation of IT divisions ensures that issues relating to the technical architecture of IT systems are fully taken into account.

7. ALM (Asset-Liability Management) and Treasury

ALM and treasury risk monitoring is governed by committees coordinated by the Group Finance division. The Group Risk Management division is a standing committee member. The Group Committees always involve representatives from shareholder institutions and, if applicable, Groupe BPCE's subsidiaries.

In 2011, the Group Finance division revised and simplified the structure relating to these bodies. The main bodies are decision-making committees, chaired by the BPCE Management Board Chairman or by the member of the Management Board in charge of finance. Their decisions do not require approval of a higher authority. Their organization is as follows:

ALM (ASSET-LIABILITY MANAGEMENT)

Group ALM Committee

This Committee examines, on a consolidated basis, Groupe BPCE's structural risks and those of Groupe BPCE's various entities, along with chanes in the balance sheet.

It defines the structural risk limits of Groupe BPCE and its institutions, before they are put forward for approval by the relevant Risk Committees.

It approves the organization of ALM indicator production.

It is responsible for allocating liquid assets to the business lines, particularly in crisis situations.

It monitors the refinancing and investment projections of the Group's institutions, based on their expected requirements.

It examines strategies for managing these indicators and, if appropriate, proposes best practices for Group entities. It establishes the strategic framework and the operation of the Group treasury and collateral management arrangement.

It monitors developments in the liquidity position of the Group treasury and collateral management arrangement (aggregate usage, market conditions, spread in relation to competitors).

It monitors usage of the Group's business lines and institutions with regard to the Group treasury and collateral management arrangement and invoicing for liquidity to the institutions.

Meetings are held *at least quarterly.*

BPCE ALM Committee

This Committee reviews BPCE's structural risk indicators and liquidity risk indicators for the Group treasury and collateral management activities undertaken on the Groupe BPCE SA balance sheet. It also examines funding vehicles and balance sheet changes.

It defines Groupe BPCE's structural risk limits if they are more ambitious than those contained in the Group's ALM repository.

It defines the liquidity risk limits of the Group treasury and collateral management activities carried out on the Groupe BPCE SA balance sheet.

It works with affiliates to validate the pricing of liquidity.

It ratifies ALM agreements (separation of the banking book from the trading book, authorized instruments, run-off distributions, etc.) specific to BPCE.

It approves the structure for the production of BPCE's ALM indicators and refinancing vehicles.

Meetings are held monthly.

CASH MANAGEMENT

Solidarity and Guarantee Fund Management Committee

This Committee selects the asset manager that will be responsible for managing the fund in which the security deposits of the solidarity and guarantee system contributed by the Banque Populaire banks and the Caisses d'Epargne are invested.

It reviews the asset management company's performance, positions, and strategy.

It defines the investment constraints and management objectives of the fund with regard to the nature of the solidarity and guarantee system, the economic situation, and financial market developments.

The Committee meets every six months.

BPCE Own-Account Run-Off Committee (formerly CNCE)

This Committee meets monthly for the purpose of monitoring, on the basis of the analyses and recommendations of Natixis Asset Management, which sits on the Committee, the operations to be performed as part of the run-off of the former CNCE proprietary account as well as the evaluation of the associated risks and outcomes.

Meetings are held monthly.

Operating procedures

The Risk Management division oversees the Group's risk management processes. It ensures that the risk policies of the affiliates and subsidiaries comply with those of Groupe BPCE.

Risk Management divisions set up in the parent company affiliates report to it through a strong functional link and have a hierarchical reporting line to the Executive Committee.

This strong functional link is enhanced for subsidiaries subject to the banking supervision regulatory framework. The subsidiaries concerned include Natixis, Crédit Foncier de France (CFF), Banque Palatine, and BPCE IOM.

Risk Management divisions of subsidiaries not subject to the banking supervision regulatory framework have a functional reporting link to Groupe BPCE's Risk Management division.

Risk Management divisions at parent company affiliates

In the case of parent company affiliates, the strong functional link means that:

- the appointment or the termination of the Senior Executive Vice-President, Risk Management, of the parent company affiliate is subject to 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 appointment letter for the parent-company affiliate's Senior Executive Vice-President, Risk Management, must be consistent with the template drawn up by the Group Risk Management division in collaboration with senior management. The job description must be appended to it and it must be sent to the Group Risk Management division;
- common standards are applied within entities;
- permanent reporting and the duty to alert the Groupe BPCE Senior Executive Vice-President, Risk Management, are in effect;
- the Group Risk Management division, working with the entities concerned, carries out ex post validation of risk charters, as well as risk delegation systems, and ensures that they are implemented as framework procedures. To this end, it works with the Risk Management division of the entity concerned. It consolidates all sensitive and disputed loans.

Parent-company affiliates are responsible for the definition, monitoring and management of their risk levels, as well as the production of reports and data feeds to be sent to the central institution's Risk Management division by ensuring the quality, reliability and completeness of the data used to control and monitor risks at the company level and on a consolidated basis.

Risk Management divisions at subsidiaries subject to banking supervision regulations

The strong hierarchical functional 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 participation of Group BPCE's Senior Executive Vice-President, Risk Management, in the annual performance evaluation of the subsidiary's Senior Executive Vice-President, Risk Management;
- implementation of shared standards to be adapted for implementation in the entities and the permanent reporting obligation and duty to alert the Group BPCE Senior Executive Vice-President, Risk Management;
- duties are assigned to the entity's Senior Executive Vice-President, Risk Management by the Group Senior Executive Vice-President, Risk Management, and where applicable by the institution's executive management in the form of a mission statement;
- ex-ante approval from the Group Risk Management division in collaboration with the entities concerned of risk charters and adapted framework procedures, in compliance with Group standards. It also examines risk delegation systems prior to their approval in Group Risk Management Committees and consolidates all sensitive and disputed loans;
- preparation by the Group Risk Management division of reporting on all downgraded and disputed loans;
- participation of the Group Risk Management division, if it so chooses, in committees dealing with risk-related matters affecting any subsidiary having a strong functional link;
- the Group Risk Management division has a right of appeal to the competent Group committee of which it is a member.

Entities are responsible for defining, monitoring and managing their risk levels. They are also responsible for producing reports and data to be sent to the central institution's Risk Management division. The latter ensures the quality, reliability and comprehensiveness of data used to control and monitor risks on an individual-company and consolidated basis.

Risk Management divisions 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 is subject to 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 annual performance and career appraisal of the subsidiary's Senior Executive Vice-President, Risk Management, is sent to the Group Senior Executive Vice-President, Risk Management, his immediate supervisor at the subsidiary;
- common standards are adapted for implementation in all entities;
- the Group Senior Executive Vice-President, Risk Management, must receive permanent reporting documents and alerts.

The Group Risk Management division, in collaboration with the entities, has access ex-post to operational risk standards and procedures established by the entities, along with the entities' system of delegated risk authorizations and all their sensitive and disputed loans.

This type of organization is duplicated in the subsidiaries and affiliates which themselves are parent companies.

Integration of Natixis into the risk management process

Natixis, as a subsidiary, is integrated into the Groupe BPCE Risk Management process in accordance with the general principles stated above. In fact, the Natixis Risk Management division is a standing member of the Group Risk Standards and Methods Committee.

The Group Risk Management division is a member of the following Natixis committees: Natixis Global Risk Management Committee, Natixis Group Market Risk Committee, Natixis Group Operational Risk Committee, New Products and Activities Committee, Natixis Group Credit Committee and the Counterparty Watchlist Committee. In these committees, the Group Risk Management division may exercise a right of appeal to the competent BPCE Risk Committee regarding decisions made in Natixis Committees.

Natixis participates in the Group IT Risk Committee that decides the requirements and resources implemented by Natixis to enable the central institution to perform its risk monitoring on a consolidated basis.

COMPLIANCE

The Compliance function takes part in Groupe BPCE's permanent control activities. It oversees all compliance management processes, including all compliance functions, as defined in Groupe BPCE's Compliance Charter, that exist within Group companies and that have dedicated resources.

The companies concerned are all the 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.

Group compliance: objectives, area of activity and scope of intervention

1. Objectives

Compliance provides permanent level two controls which, in accordance with Article 5a of CRBF Regulation 97-02 as amended, include ensuring that the operations and internal procedures of Group 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 4-p of CRBF Regulation 97-02 as amended, as "the risk of legal, administrative or disciplinary sanction, material financial loss or reputational damage 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 guidelines established by the governing body";
- safeguard Groupe BPCE's image and reputation with its customers, staff and partners;
- represent Groupe BPCE before the regulatory authorities and national and international professional organizations in all its areas of expertise.

As part of this effort, the Compliance function 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.

The Compliance function 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 function lie in the following areas:

With regard to Compliance

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 monitoring 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 encompasses the operating procedures of TRACFIN correspondents (French anti-money laundering unit which reports to the French Ministry of the Economy, Finance and Industry).

INSURANCE COMPLIANCE

This covers compliance with all legislative and regulatory areas concerning insurance brokers in their role of insurance products distributors. In this regard, it encompasses disseminating standards and transposing them in information systems, implementing approval processes for new products distributed in the Group, monitoring sales processes and professional ethics, and approving content, advertisements, and documents intended for the networks and training activities.

BANKING COMPLIANCE

This covers compliance with all other laws and regulations in the banking and financial field, and includes the coordination of regulatory watch activities across all Group companies, the dissemination of standards, the implementation of processes for approving new products distributed in the Group and the content of compliance training.

COORDINATING THE COMPLIANCE AND PERMANENT CONTROL DEPARTMENTS

This covers the preparation of reporting documents for regulators and internal reporting documents, the preparation for committees coordinated by or involving Compliance, and Compliance management meetings. As a result non-compliance risks are incorporated in the risk mapping coordinated by the Group Risk Management division. In coordination with the risk management function, permanent control covers the implementation of a system for managing non-compliance risks, and coordinating the results of permanent controls that cover non-compliance risks.

Compliance is also the main contact for the Autorité des marchés financiers (AMF - French Financial Markets Authority), the AMF-ACP unit for coordinating marketing controls, the Commission nationale de l'informatique et des libertés (CNIL, France's commission on personal data protection), the General Directorate for Anti-Trust Policy, Consumer Affairs and Fraud Control (DGCCRF), and equivalent foreign authorities. The Compliance function interacts with the Autorité de Contrôle Prudentiel and equivalent foreign authorities on matters under its responsibility.

As a level two permanent compliance control function, Compliance function maintains close relationships with all functions involved in performing internal control within Groupe BPCE: *Inspection générale*, Risk Management division, IT Systems Security division, Audit division.

BPCE ensures permanent compliance control of BPCE IOM, by its delegation.

<u>With regard to other permanent control areas</u>

SECURITY AND BUSINESS CONTINUITY

The Group Security and Business Continuity division is part of BPCE's Group Compliance and Security division, and performs its tasks independently of operational divisions. These tasks involve:

- security of staff and property:
  - coordinating the security of Groupe BPCE's staff and property,
  - managing the security departments for staff and property within Groupe BPCE,
  - overseeing compliance with legal and regulatory provisions relating to the security of staff and property,
  - participating in Groupe BPCE's 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 Groupe BPCE's internal and external bodies,
  - managing information security within Groupe BPCE.

Group Compliance: organizational principles

To ensure its independence, the Compliance function which is separate, as distinct from the other internal control functions, must be independent of all functions performing commercial, financial and accounting operations.

Dedicated compliance teams form a Compliance division, 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 function.

For Group entities with the status of credit institution or investment company under French law, the Compliance Officer's name is given to the Office of the Secretary General of the Autorité de Contrôle Prudentiel by BPCE, and the supervisory body, Board of Directors or Supervisory Board is informed of his identity.

1. Role assigned to BPCE by the Act of June 18, 2009

Article 1 of the Act that established BPCE gave the central institution responsibility for organizing internal control. The article states that the central institution is in charge of:

"7) defining the principles and conditions for organizing the internal control mechanism of Groupe BPCE and each of its networks, as well as controlling the organization, management and quality of the financial position of affiliated institutions, including through onsite checks within the scope of intervention defined in paragraph 4 of Article L. 511-31;"

Given the scope of Groupe BPCE, several levels of intervention and responsability have been identified in the area of compliance, in line with the Group's organizational structure:

- BPCE as a central institution for its activities;
- its affiliates, including the Caisse d'Epargne and Banque Populaire parent companies;
- its subsidiaries, including Natixis.

2. Organizational principles at the BPCE level (as a company and central institution)

The organization of the Group Compliance and Security division (DCSG) complies with the principles set by CRBF Regulation 97-02 as amended, the general regulations of the Autorité des Marché Financiers, and by the Act that established BPCE.

Reporting to the Chairman of the Management Board, DCSG performs its duties independently from operational divisions as well as from other internal control divisions with which it nevertheless works. 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);
- insurance compliance;
- banking compliance;
- coordination of the function and permanent control.

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 institution and Groupe BPCE.

DCSG oversees all compliance and security processes. In this regard it performs an orientation and motivation role with respect to Compliance Officers in affiliates and subsidiaries, including Natixis. 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 it through a strong functional link.

DCSG conducts all actions to strengthen compliance throughout Groupe BPCE, including within the BPCE company. Within the BPCE company, compliance is handled by a dedicated team within the Ethics and Compliance division.

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 Human Resources division;
- trains Compliance staff, including through specialized annual seminars (financial security, ethics and compliance, banking compliance, and coordination 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 division or entity in charge of Compliance includes at least two units specializing in each area (see section "Main duties in each business area") relating to:

- ethical compliance, with the investment services supervisor (RCSI);
- financial security, with the Tracfin correspondent (s) and reporting officer (s).

The division 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 Group entity has its own systematic prior approval process for new products and material changes to existing products within the meaning of Article 11-1 of CRBF Regulation 97-02 as amended.

Products marketed by a single company fall within this approval process. As required, for the launch of all new products, the company's Compliance function meets with DCSG.

With regard to staff training, the division or entity in charge of compliance:

- supports training initiatives undertaken by BPCE;
- ensures that staff sign up for BPCE seminars;
- supplements training provided by Compliance on a local basis.

As stated in Groupe BPCE's internal control charter, the other functions in charge of permanent control (Audit, Information System Security, the head of BCP) may be placed under the functional supervision of a permanent control officer, such as the Senior Executive Vice-President, Compliance.

Participation in Groupe BPCE's governance bodies

Group Audit and Risk Committee

The head of DCSG is invited to take part in meetings of the Groupe BPCE Audit and Risk Committee.

Review and Validation Committee for New Groupe BPCE Products (CEVANOP)

A new committee, resulting of the new product validation procedure of both distribution networks, is in charge of "systematic prior approval of new products and material changes to existing products" within the meaning of Article 11-1 of the CRBF Regulation 97-02 as amended.

The scope of products submitted to this committee includes all banking and financial products (including insurance) marketed to the clientele of each of the networks, if said products are marketed by at least two affiliated institutions. The committee decides on the presentation of new products by marketing or development managers for each network in view of written opinions by experts from division members from the committee, said committee being chaired by the head of DSCG. *Meetings are held monthly.*

Sales Process Validation committees

DCSG takes part in the committee coordinated by the Development division of the Caisse d'Epargne Retail Bank, which approves marketing methods for authorized products, whichever channel is used (remote selling or direct selling via branches).

DCSG is working to external this system throughout all networks and markets.

This set-up will ultimately be identical within each Group 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.

Meetings are held four times every six months.

Work carried out in 2011 and outlook

Financial market ethics and compliance with professional standards

All of the Caisses d'Epargne and the BPCE IOM subsidiaries that are classified as investment services providers migrated to the DEFI information systems platform for account keeping and custody between November 2010 and March 2011. Since that date, the Caisse d'Epargne and Banque Populaire networks and the aforementioned BPCE IOM subsidiaries have delegated their account keeping and custody to Natixis.

This pooling of technical resources opened up areas for sharing procedures and controls for all of these institutions. Accordingly, the Caisses d'Epargne's permanent control standards were reviewed during the first half of 2011. Permanent control standards based on the Caisse d'Epargne standards were reviewed for roll-out in the Banque Populaire banks and approved in December 2011. This roll-out will be effective in the first half of 2012.

Furthermore, Natixis (EuroTitres division) completed its first ISAE 34-02 certification of 2011. This certification for procedures and controls for account-keeping service providers is taken into consideration in the control programs for delegated account keeping in the Group's institutions.

For 2012, the Compliance and Ethics function will be coordinated using a dedicated intranet site that will include a forum space that will facilitate discussions. The site will promote the dissemination of information. In connection with other BPCE divisions, Compliance and Ethics will coordinate several projects to prepare Groupe BPCE for future legislative and regulatory changes (MIFID II, Market Abuse Directive).

Financial security

The standard procedure on anti-money laundering and combating the financing of terrorism (AML/CFT) for retail banking was updated in March 2011, mainly to incorporate the due diligence to be applied in onboarding high-risk customers, particularly politically exposed persons (PEPs). The monitoring of PEP customers will be formally documented in a special procedure in 2012. The framework AML/CFT procedure will be reviewed in order to incorporate regulatory changes and details added from the latest sector implementation principles or Autorité de Contrôle Prudentiel guidelines, in particular, use of business introducers.

The tools and vigilance rules of the Caisses d'Epargne and Banque Populaire banks are being converged. The effective beneficiaries of business relationships will be incorporated in the information systems during 2012.

The Group tool for Tracfin reporting was rolled out in most of the institutions. It will facilitate exchanges of regulatory information among BPCE Groupe's Tracfin correspondents in 2012.

Coordination of the function was improved by harmonizing quarterly AML/CFT reporting and the development of summary reporting for the Executive Committee. Interregional meetings promoting the sharing of best practices also contributed to improved coordination.

A project on preventing and dealing with internal fraud was launched this year and will result in a framework of procedures and implementation mechanisms in 2012.

INSURANCE COMPLIANCE

Changes in advisory notices incorporated in the networks' information systems in accordance with the Order of January 30, 2009 (new duty to advise), particularly concerning flexible contributions and arbitrage exceeding the customer's risk profile. In 2012, insurance compliance with oversee the proper implementation of these changes in successive computer versions and will participate in change management support on these subjects.

BPCE bonds in insurance policies: contribution to compliance with the *Autorité de Contrôle* Prudentiel's recommendation of May 6, 2011 concerning "the sale of unit-linked life insurance policies comprising debt securities issued by an entity financially related to the insurance entity," particularly with regard to the process of selling BPCE bonds (use of an independent expert responsible for valuing the securities, inserting a paragraph on "potential conflicts of interest" and revising customer disclosure documents).

Complex products: compliance with the Autorité de Contrôle Prudentiel recommendation (and the position of the Autorité des marchés financiers) of October 15, 2010 concerning complex products by creating a specific marketing process including traceable training of employees, targeting the customer base and salespeople (private banking) and an additional questionnaire to be filled out by the customer.

Funeral insurance policies: compliance with the Autorité de Contrôle Prudentiel recommendation of June 15, 2011. Advisory notices from both networks were modified to include the two required statements.

De-linking payment-protection insurance with regard to real estate loans: issuance of a communication to the networks on the Lagarde Act on de-linking real estate loans and payment-protection insurance, specifying the procedures for implementing the new provisions.

Consumer credit and payment-protection insurance: establishment of a working group on payment-protection insurance for loans subject to the law on consumer credit in order to reiterate the rules on de-linking payment-protection insurance from consumer loans in the networks (through memorandums) and the mandatory inclusion or not of the payment-protection insurance rate in the annual percentage rate. This work will continue in 2012.

BANKING COMPLIANCE

An approval procedure for sales and marketing documents prepared by BPCE divisions intended for customers of the institutions was implemented. An approval procedure for sales and marketing documents prepared by the Group subsidiaries for customers of the institutions was put in place and will be rolled out in 2012.

An approval procedure to reduce the number of materials prepared by BPCE or its subsidiaries intended for the salespeople in charge of distributing products and services was begun and will be rolled out in 2012.

A project to bring into compliance and harmonize sales processes, operational procedures, and information systems was launched in 2011 and will continue in 2012.

Banking Compliance implemented a Group methodology designed to produce a list of French Banking Federation standards and best professional practices implemented by all of the retail banking institutions.

Compliance standards are being updated in order to harmonize the operational procedures for implementing regulations applicable to banking transactions in all of the Group's institutions. This work is going to continue until 2013.

The work to bring mandatory customer sales documentation is ongoing. The project is led by Banking Compliance for the Caisse d'Epargne network. For the Banque Populaire network, Group standards have been distributed and are incorporated in the institutions' procedures. The document digitization project is being rolled out for this second network.

COORDINATING THE COMPLIANCE AND PERMANENT CONTROL FUNCTION

The project aimed at converging the Banque Populaire banks' permanent controls continued in 2011. The AML and RCSI repositories were adapted to their environment for widespread roll-out in the first half of 2012 in the Pilcop tool.

For the Caisses d'Epargne, two additional repositories were rolled out: supervision and remote sales. Repositories concerning private banking and disputes were documented for roll-out scheduled in the first half of 2012.

Harmonization of the BPCE IOM banks' repositories is underway. Some local correspondents are being brought up to standard. This work will continue in fiscal year 2012.

As part of a working group made up of representatives of the Compliance and Risk Management functions, the non-compliance risk repository was finalized and submitted to the Group Risk Management division for inclusion in Groupe BPCE's single risk mapping reference. Pending the roll-out in 2012 of Paro, the Group mapping tool, Compliance developed an independent system for scoring non-compliance risks at year-end 2011.

SECURITY AND BUSINESS CONTINUITY

With regard to security and business continuity, Groupe BPCE has strengthened its organization with a view to protecting the security of staff, property and essential activities, including in the event of extreme shocks. The function responsible for the security of staff and property and the function responsible for the business continuity plan are coordinated by BPCE Groupe's Security and Business Continuity division.

Business continuity plans are enhanced by Group projects, in order to keep them in fully operational and more effective. Business continuity solutions are adapted 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 2011, the Group business continuity policy was supplemented with a repository of best practices to be used by the institutions. The aim is to facilitate the harmonization of processes to improv Groupwide resilience. The operational deployment of requirements started with drawing up an inventory of the processes in order to define the outlines for action plans. On this basis, the reference material will be enhanced in 2012 on an organizational level with operational procedures.

In addition, this reference basis defined by Groupe BPCE's Security and Business Continuity division jointly with all of the departments will help to develop the permanent control framework for the business continuity plan during 2012.

Lastly, the development of training and awareness-raising regarding the business continuity plan are major priorities in 2012.

OTHER PERMANENT CONTROL FUNCTIONS

Management of legal risk

1. Duties

The Legal Affairs division 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 institution and Group entities.

To this end it provides legal and regulatory oversight, information, assistance and advice for the benefit of all Group institutions.

Together with the Compliance division, it is also involved in ensuring the consistency and effectiveness of controls on non-compliance risks relating to laws and regulations specific to banking and finance activities.

Finally, the Legal Affairs division represents Groupe BPCE with respect to the regulatory authorities as well as national and international organizations in all its fields of expertise.

The Legal Affairs division exercises its role independently of the Operational divisions.

2. Organization

The Group's Legal Affairs division is in continuous contact with the Legal Affairs divisions of Group institutions on all matters relating to the aforementioned duties. It provides ongoing dialog and interaction between the Group's legal officers, and maintains up-to-date documentation for their benefit. The Group's Legal Affairs division coordinates the Group's legal and litigation policy. In this regard, the Group's Legal Affairs oversees all legal risk management processes.

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 the special case of Natixis, for which there is a direct functional link, the Legal function operates mainly through coordination between the central institution and the various affiliates or subsidiaries.

3. Work carried out in 2011

Work carried out in 2011 focused mainly on:

- contribution to the Sales Process Validation Committee (CVPC) and to the Review and Validation Committee for New Groupe BPCE Products (CEVANOP);
- implementation of the Act of January 27, 2011, the "Copé Zimmermann Act," on the balanced representation of women and men on Boards of Directors and Supervisory Boards;
- regulations applicable to cooperative shares;
- contribution to regulatory topics relating to Capital Requirements Directive (CRD) IV and Capital Requirements Regulation (CRR) IV;
- monitoring the assessment of the Supervisory Board and concrete actions;
- participation in the Group's major disposals.

4. Organization details

In May 2010, the Corporate Secretariat and the legal function were merged into a single division, thereby entrusting to one and the same person the responsibility for handling the secretariat duties of BPCE's bodies, organizing the Group's market relations and the Legal Affairs division.

The Corporate Secretariat - Legal Affairs division was organized around six divisions. The purpose of this organization is to have a legal function capable of fulfilling its duty to provide legal advice to BPCE as an entity, and to act as a Legal Affairs division for the Group in its various components, with the aim of ensuring maximum security.

The duties of the "Commercial Banking and Insurance law" division include a regulatory watch and participation in industry working groups (French Banking Federation, etc.) charged with preparing, explaining and all texts applicable to the profession. This division is also responsible for defining and drafting legal standards applicable to the Group's banks and marketed products, in response to changes in these texts. Likewise, it provides legal advice and assistance to the Group in the fields of banking law and insurance law. Lastly, it manages strategic disputes for the Group, handles criminal cases and coordinates litigation on a national level.

The duties of the "banking regulation" division cover the treatment of banking regulations, i.e., activities related to the analysis, disclosure and application to the group's institutions of regulatory texts (European directives, Basel Committee or European Banking Authority recommendations, texts issued by French regulators). This division is also responsible for handling Autorité de Contrôle Prudentiel matters and relationships with authorities, and for monitoring texts relating to key banking ratios and credit institutions' policy control: CRD IV and CRR IV, with the implementation of the LCR (liquidity coverage ratio) and the NSFR (net stable funding ratio), regulation 97-02 on internal control, and supervision on a consolidated basis. Lastly, this division is responsible for providing advice with regard to banking regulation.

The duties of the "Corporate" division consist in handling complex financing and acquisitions (in particular, mergers/acquisitions and similar transactions). It is the legal advisor to BPCE and the Group regarding strategic partnerships with outside entities and financial engineering, including the creation of financial products intended to be sold to the public. It is in charge of matters relating to competition, community law, relationships with international regulators, and real estate. Lastly, it handles monitoring and protection of brands, licenses and development matters.

The "Governance and Company Life" division first and foremost handles the operations of BPCE's bodies in accordance with the highest standards of governance and their implementation in the Group. Its duties also cover the area of corporation law. It also handles the institutional management of the Group's organizations and institutions (including the Caisse d'Epargne and Banque Populaire networks), thereby covering oversight, disclosure, support and advice in matters of institutional and company life (including plans to establish and restructure entities). This division is also in charge of the Group's structural or restructural transactions and the legal counsel for BPCE and the Group in connection with intragroup strategic partnerships.

The duties of the "Group Market Relations" division include representing the Group with regard to market bodies and national, European and international institutions. In particular, this involves detecting any subjects that may have an impact on the Group's business lines, coordinating discussions on these matters in order to determine the Group's position, and conveying the Group's position externally (to various associations). In connection with these duties, permanent representation in Brussels contributes to carrying out these duties for all European matters.

The "Information Systems - Legal Documentation and Support" division makes applications and helpful documents available to the Group, monitors important texts and distributes them within the Group.

5. 2012 priorities

In 2012, the Legal Affairs division will continue to play its traditional role, which includes monitoring current events, handling matters common to the marketplace and swiftly responding to requests from BPCE and the Group's institutions. In addition, with regard to its structure, the division will consolidate and improve its internal operations, step up efforts to improve processes, and draft an internal operations charter. It will also draft a charter on compliance with anti-trust, law, prepare legal, literature and best practices for the Caisse d'Epargne and Banque Populaire networks, and draft a policy on contracts and brand protection.

Controls of accounting and financial reporting quality

1. Roles and responsibilities in preparing and processing accounting and financial information

Within Groupe BPCE, the preparation and processing of financial and accounting information falls under the responsibility of the Finance function. In the central institution, this function is coordinated by the Group Finance division, headed by a member of the Management Board.

The main rules that govern the finance function within Groupe BPCE are defined by the "Finance Function Framework," approved by BPCE's Management Board on November 2, 2010. The principles and rules defined by this framework essentially relate to:

- rules for preparing and processing accounting and financial information;
- organizational rules for the Finance function within the Group and for the Group Finance division within the central institution;
- the principles and terms of relationships established between the Group Finance division and the Finance functions of other Group institutions as well as other outside parties (other functions within BPCE, Autorité des marchés financiers, Statutory Auditors, etc.).

GENERAL PRINCIPLES OF RESPONSIBILITY WITHIN GROUPE BPCE

The production of accounting and financial information, and controls to ensure its reliability, are performed by the Finance departments of accounting entities included in the Group'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 Groupe BPCE, 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, finance control, regulatory, etc.) for the Group Finance division.

The Group Finance division is responsible for preparing and reporting accounting and financial data at the Group level. The Finance division collects all accounting and financial information produced by accounting entities within Groupe BPCE'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.).

In addition to consolidating accounting and financial information, the Group Finance division has broad control duties:

- it coordinates asset-liability management, by defining the Group's ALM rules and standards, and ensuring they are properly applied;
- it manages and controls Groupe BPCE's balance sheet ratios and structural risks;
- it defines accounting standards, repositories and principles applicable to Groupe BPCE, and ensures they are properly applied;
- it monitors the financial planning of Group entities and capital transactions;
- it ensures the reliability of accounting and financial information disseminated outside Groupe BPCE.

PRIMARY FUNCTIONS CONTRIBUTING TO PREPARING AND COMMUNICATING ACCOUNTING AND FINANCIAL DATA AND THEIR RESPONSIBILITIES

The main functions involved in preparing and publishing accounting and financial information are Accounting, Financial Control and Investor Relations.

Accounting

The Accounting function is in charge of preparing individual and consolidated financial statements.

Within Groupe BPCE, each entity's accounting function has responsibility, with respect to Groupe BPCE 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 Accounting division, for the consolidated financial statements, and by the BPCE Budget and Accounting division for the individual company financial statements. The main duties of these two divisions, the heads of which report to the Chief Financial Officer, are as follows:

- For the Group Accounting division:
  - preparing the consolidated financial statements of Groupe BPCE and BPCE, ensuring the Group's compliance with regulatory ratios, and performing their quarterly analyses,
  - directing the accounting process within the Group,
  - providing a regulatory watch as regards common French and IFRS accounting doctrine within Groupe BPCE in coordination with shareholder institutions, BPCE subsidiaries and the Statutory Auditors,
  - acting as the interface between the regulatory authorities (the Banque de France and the Autorité de Contrôle Prudentiel) and affiliated institutions, in accordance with Article L. 512-107 of the French Monetary and Financial Code, and ensuring that the affiliated institutions comply with regulatory standards and management ratios,
  - representing the Group with respect to industry bodies (Conseil national de la comptabilité, European Banking Federation, etc.).

In addition, the Group Accounting division assists the business lines from the Group Finance division in managing financial information systems projects, and contributes to ensuring single and community financial repositories both for all functions of the Group Finance division and for shareholder institutions;

- For the BPCE Budget and Accounting division:
  - providing accounting services and the production of BPCE's regulatory statements,
  - managing BPCE's procedures and budget planning,
  - handling accounts receivable and the payment of BPCE invoices and those of certain subsidiaries whose accounts are kept by the central institution,
  - providing back-office accounting treatement with respect to cash management, issuances, investments and for the financial management of BPCE and its issuing subsidiaries.

Finance control

The Finance Control function is in charge of preparing management information.

Within Groupe BPCE, each entity's Finance Control function is in charge of operational coordination, and has responsibility for producing management information within the entity and for the central institution.

Within BPCE, the function is performed by the Management Control division, the head of which reports to the Chief Financial Officer. Its main duties are as follows:

- coordinating the financial planning, budget and multi-year rolling forecast process;
- analyzing the performance of Groupe BPCE, its business lines and accounting entities;
- coordinating the Finance Control process within Groupe BPCE;
- coordinating cost analysis procedures based on the Activity Based Costing (ABC) procedure;
- monitoring BPCE subsidiaries financially and administratively;
- coordinating capital management, allocating Group shareholders' equity and liquidity;
- helping prepare the Group strategic and financial plans.

Investor Relations

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 the Autorité des marchés financiers and also available on the BPCE website.

Within BPCE, the function is performed by the Issuance and Investor Relations division, the head of which reports to the Chief Financial Officer. Its duties in this area, aside from its main duty relating to the medium- and long-term funding of Groupe BPCE, are as follows:

- coordinating and preparing presentations of Groupe BPCE's results, financial structure 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 the Autorité des marchés financiers;
- organizing relations with rating agencies by coordinating with the other rated entities of Groupe BPCE.

2. *Production processes for consolidated accounting and financial data*

GENERAL SYSTEM

The central institution prepares the consolidated financial statements of Groupe BPCE and its individual company financial statements.

For this purpose, BPCE's Group Finance division has prepared a consolidation repository designed to guarantee the reliability of the process. It is based on the following core principles:

- defining and communicating accounting policies for Groupe BPCE, including analyzing and interpreting new texts issued during the period, both for French GAAP and international (IFRS) accounting standards;
- regular training of accounting teams within the consolidated entities to promote the use of best practices throughout Groupe BPCE.

In addition, within Groupe BPCE, the institutions publishing financial statements on a consolidated basis are:

- in the network banks, all of the Banque Populaire banks and six Caisses d'Epargne (Aquitaine Poitou-Charentes, d'Auvergne et du Limousin, de Bourgogne Franche-Comté, Bretagne Pays de Loire, Île-de-France and de Midi-Pyrénées). For the sake of uniformity, consistency and efficiency of Group management, all of the 19 Banque Populaire banks published their consolidated financial statements as of December 31, 2011, according to IFRS (in 2010, 18 Banque Populaire banks published their consolidated financial statements according to French GAAP);
- the main subsidiaries of Groupe BPCE – Natixis, Crédit Foncier de France, Banque Palatine and Nexity.

PREPARATION PROCESS FOR CONSOLIDATED ACCOUNTING AND FINANCIAL DATA

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.

With regard to the consolidation system, given that Groupe BPCE was only recently created means that it has maintained an organization based on a combined solution for the Group's business lines:

- in Commercial Banking and Insurance, information is communicated on an individual basis to ensure a more detailed view of the contribution of the accounting entities to Groupe BPCE's results. 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:
  - for the Caisses d'Epargne and their subsidiaries, accounting production is based on overall monitoring of data of institutions in the IFRS reference base,
  - for the Banque Populaire banks, their subsidiaries, and the Caisses du Crédit Maritime Mutuel, the production of Group financial statements involves unitary monitoring of differences between the individual French GAAP financial statements of the 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 activities (Crédit Foncier de France, BPCE IOM and Banque Palatine, essentially) the system used is that of the Caisse d'Epargne, enabling Groupe BPCE to monitor IFRS contributions;
- in Corporate and Investment Banking, Investment Solutions, and Specialized 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. In 2011, Natixis upgraded its consolidation tool to improve the data consolidation process with the implementation of a workflow for the validation of consolidation packages and improved the control process and traceability of consolidation adjustments. For the production of Group financial statements, Natixis submits a consolidation package that represents its consolidated financial statements (an "opaque package");
- for Equity interests (Nexity in particular) the accounting entities are for the most part 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 archiving and security procedures including daily back-up of the consolidation database. System restoration tests are regularly carried out.

3. Control process for accounting and financial data

GENERAL SYSTEM

Groupe BPCE's internal control process supports the management of all types 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, CRBF Regulation 97-02 as amended, and texts governing BPCE. It concerns all Group companies, which are monitored on a consolidated basis.

The system is governed by a charter, the Group Internal Control Charter, approved on April 7, 2010 by the BPCE Management Board, 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.

Setting the general principles, the Group Internal Control charter has been supplemented by charters organizing the periodic control processes (internal audit) and permanent control (risk, compliance, information systems security and finance with regard to the mechanism for controlling of the quality of accounting and financial information).

APPLICATION OF THE CONTROL FRAMEWORK WITH REGARD TO ACCOUNTING AND FINANCIAL DATA

Within the 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 "level one controls" (control), relating to operational departments and integrated into accounting treatment procedures;
- an intermediate layer of "level two controls" (review), organized and executed under the responsibility of a dedicated specialist audit function within the Finance divisions to carry out accounting and regulatory review. This function performs independent controls on accounting treatment procedures to ensure the reliability and completeness of financial statements in conjunction with permanent control functions;
- a higher layer of "level three controls" (audit), involving:
  - periodic controls organized under the authority of the local internal audit unit or the Group *Inspection générale division*,
  - controls performed by parties external to Groupe BPCE (Statutory Auditors and the Autorité de Contrôle Prudentiel).

Within the central institution

Coordination of the "Audit and Regulatory Review" process

Within the central institution, the Finance division coordinates the permanent system for audits and regulatory reports as part of a functional audit and regulatory review process, the rules of which are specified in the Audit and Regulatory Review Charter.

Within the Group Finance division, this functional process is coordinated by the Financial Review division. Reporting to the Executive Chief Financial Officer, the Division head has been granted normative powers over the process. In addition, the head of the Financial Review division is a permanent member of the Group Internal Control Coordination Committee which meets, under the chairmanship of the Management Board Chairman, with the members of the

Management Board in charge of Finance and Operations, respectively, and the managers of the Periodic and Permanent Control functions.

In conjunction with the shareholder institutions and Group subsidiaries, the primary role of the Financial Review division is to ensure a strong functional link between the function within the Group institutions and that of the central institution. This is to guarantee the quality of the Group's accounting and regulatory reporting.

Its main duties are to:

- facilitate sharing of best practices within a special-purpose committee (Auditors' Committee) and working groups;
- organize the drafting and distribution of the set of standards and documents for the process;
- coordinate the reporting system for the process with the central institution;
- work in close collaboration with the Group's Statutory Auditors on the statutory system within Groupe BPCE by ensuring, on behalf of the Audit and Risk Committee, the independence of the Statutory Auditors (monitoring compliance of the selection procedure, review of the fees paid by Groupe BPCE and the type of duties performed by the Statutory Auditors within Groupe BPCE, etc.).

The Financial Review division's other duties are as follows:

- level two control of the accounting work and in particular financial and regulatory statements published under the responsibility of the Group Finance division;
- controlling the data produced by other business lines and coordinating the internal control actions within the Group Finance division in conjunction with other permanent control entities.

In 2011, the Audit and Regulatory Review function continued to implement its procedures in line with the other permanent control functions, in particular:

- structuring the body of standards and its validation process by the appropriate bodies, which is essentially based on:
  - the Audit and Regulatory Review Charter (the "Charter"), which is the basis of the body of standards,
  - Group Review Standards, adaptations of the "Charter" for the operational divisions;
  - Group Audit Guidelines intended to provide operational and/or methodological clarifications to implement the "Charter" or the standards;
- roll-out of an auditing and control tool (Comptabase), which has already been implemented in the Caisses d'Epargne network, to Banque Populaire banks that are members of the i-bp community, thus converging the tools used by the shareholder institutions in this area;
- roll-out of a permanent reporting tool within the Audit and Regulatory Review process, designed to qualify the audit and control mechanism within Groupe BPCE, identify the mechanism's weaknesses, and propose suitable solutions;
- implementation of a permanent training system covering two modules, "Audit and Regulatory Review Fundamentals" and "Fundamentals of Regulatory Statements and their Review."

Controls performed at the central institution level

In addition to the self-checking and external control procedures performed in the entities responsible for preparing individual or consolidated financial statements, the quality of accounting controls is verified by:

- the Group Finance division, which coordinates the system for checking the quality of accounting and financial information. For this purpose:
  - in its responsability for standardizing accounting practices at the Group level it produces individual and consolidated financial statements under French GAAP and IFRS,
  - it regularly examines the regulatory statements of the Banque Populaire banks, the Caisses d'Epargne and the Caisses de Crédit Maritime before they are transmitted to the Autorité de Contrôle Prudentiel. A dedicated team performs analyses and consistency controls of regulatory statements,
  - for consolidated financial statements, this team validates and verifies that the scope of consolidation is compliant with accounting principles in force, and performs various controls on data received on a quarterly basis, through consolidation packages. These controls include: ensuring that data collected have been properly aggregated and that consolidation entries are correct, and accounting for residual differences on reciprocal transactions. These controls 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 Statutory Auditors, which work on a panel basis and base their opinions partly on the conclusions of each consolidated entity's Statutory Auditors, particularly regarding 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 Statutory Auditors on its panel;
- occasional audit assignments performed by Groupe BPCE *Inspection générale* within the Group's institutions.

Finally, under CRBF Regulation 97-02, amended, relating to the prudential supervision of credit institutions, Groupe BPCE's *Inspection générale* division presents to the Audit and Risk Committee and the Supervisory Board an annual report summarizing Group internal control, in coordination with the Group Risk Management divisions and the Group Compliance and Security division. 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

Once per quarter, the BPCE Management Board finalizes the consolidated financial statements and presents them to the Supervisory Board for verification and control purposes.

Individual financial statements are prepared once per year, in accordance with regulations in force.

BPCE's Supervisory Board checks and controls the individual and consolidated financial statements prepared by the BPCE Management Board and presents its observations about the financial statements for the fiscal year at the Ordinary General Shareholders' Meeting. For this purpose, the Supervisory Board has set up a specialist committee in charge of preparing its decisions and formulating recommendations, the Audit and Risk Committee.

In addition, given the unique structure of the Group, BPCE's Management Board assigns the Group Finance division the task of organizing the process of coordinating, disclosing, and forming a decision on the financial and accounting information through the Finance function's supervisory bodies.

AUDIT AND RISK COMMITTEE

The Audit and Risk Committee is tasked with monitoring the process of preparing financial information, the statutory control of the individual and consolidated financial statements, and ensuring the independence of the Statutory Auditors.

In this respect, its duties include:

- examining the individual and consolidated financial statements, checking the clarity of information provided, examining the scope of consolidated companies, assessing the appropriateness of accounting methods used to prepare the individual and consolidated financial statements, and examining the regulatory 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 control procedures relating to preparing and processing accounting and financial information;
- making a recommendation on the procedure for selecting the Statutory Auditors at the Annual General Shareholders' Meeting, ensuring the independence of the Statutory Auditors, including through a breakdown of fees paid to them by Groupe BPCE, and examining the Statutory Auditors' schedule of work.

The Audit and Risk Committee consists of six members of BPCE's Supervisory Board, including one independent member, who is the committee's Chairman.

The Committee meets in the presence of the panel of Statutory Auditors to examine the financial statements, but may, subject to conditions it determines, hear reports from executive directors, executives responsible for preparing the financial statements, and, more generally, any person whose expertise is deemed relevant by the Committee.

Permanent risk control and compliance managers, as well as the head of internal audit in charge of periodic control, are invited to attend the Committee's meetings.

FINANCIAL SUPERVISORY BODIES

The Finance function's coordination, reporting and decision-making processes are organized around three types of bodies:

- coordination and reporting bodies: these comprise together key managers from the Finance function or the key managers from each business line within the Finance function (Finance Control, Accounting, Cash Management, Asset-Liability Management, Audit and Regulatory Review, and Taxation);
- temporary bodies that manage and coordinate time-limited projects;
- permanent bodies called "Finance Committees."

Finance Committees form the backbone of the system. In order to ensure the transparency and security of the system, Finance Committees are formally governed by regulations that define the operation, organization, composition, and role of each committee, along with the rules for communicating the discussions held within these committees. The Group's Finance Committees always involve representatives from the shareholder institutions and, if applicable, Groupe BPCE's subsidiaries.

The main Finance Committees are known as "decision-making" bodies whose decisions do not require approval from a higher authority. This qualification applies only under the following conditions:

- the supervisory body is chaired by the Chief Financial Officer;
- decisions are made only in strictly limited financial areas (Asset-Liability Management, Cash Management, Solidarity and Guarantee Fund Management, etc.);
- operating rules and assignments are controlled by the Group's Coordination and Internal Control Committee, which approves regulations.

The main decision-making Finance Committees relating to finance and accounting are the Group Management and Accounting Standards and Methodology Committee and the Group Investor Relations Strategy Committee.

- The Group Management and Accounting Standards and Methodology Committee is chaired by two members of the BPCE Management Board the Chief Financial Officer and the Chief Executive Officer of Commercial Banking and Insurance. Its role is to approve the repository on accounting and financial information and information control. In this regard, its main tasks are to approve:
  - the regulatory framework and management standards needed for Group oversight;
  - strategic accounting guidelines and Groupe BPCE's framework of accounting standards, including Groupe BPCE's position on options left open in the texts;
  - working standards on audit and regulatory review (Group Review Standards), as part of the internal control mechanism for accounting and regulatory reporting.
- The Group Investor Relations Strategy Committee is chaired by the Chairman of BPCE's Management Board. Its role is to define the Group's communication strategy with regard to the financial community and to agree on the methods to be implemented in Groupe BPCE to promote the Group's reputation in the markets.

5. Outlook

In 2012, Groupe BPCE will continue to harmonize its internal control system relating to accounting and financial information.

The efforts undertaken to streamline the resources and working methods of the teams responsible for producing, checking and monitoring accounting and financial reporting statements will also be continued, by adjusting them to business and regulatory developments.

The major projects currently in progress or due to be launched within Groupe BPCE are as follows:

- with regard to processing and standardization of accounting and financial reporting:
  - monitoring regulatory developments, including the revision of IAS 39 and the Basel III developments affecting banking regulations, to prepare Groupe BPCE for changes in to these new rules;
  - harmonizing accounting principles within the Group and implementing a Group chart of accounts according to IFRS;
  - harmonizing of the Group consolidation tool, implementing a single tool to process statutory and regulatory consolidated information for the entire Group, with the exception of Corporate and Investment Banking, Investment Solutions and Specialized Financial Services, which will maintain its own system;
  - improving the Group management tools for closer monitoring in terms of earnings, liquidity, and solvency for all network institutions (Banque Populaire and Caisse d'Epargne) and subsidiaries of the Group;
  - in Corporate and Investment Banking, Investment Solutions, and Specialized Financial Services, roll-out of the registered office's accounting tool in the US scope;

- with regard to information control and the standardization of accounting and financial information:
  - continuing the work of harmonizing and publishing standards dealing with permanent control of accounting and regulatory information;
  - expanding the scope of the audit and regulatory review process to cover regulatory statements and taxation;
  - harmonizing the rules for the Statutory Auditors' involvement in the Group, mainly, in the rules for appointing Statutory Auditors, those relating to the services that may be assigned to them, and the role of audit committees in the Group verifying of the Statutory Auditors' independence;
  - continuing to develop the permanent training system for Audit and Regulatory Review with the creation of a new training module on "Taxation Review."

IT systems security

1. Duties

The Group IT Systems defines, implements and develops Group IT system policies. It provides continuous and consolidated monitoring of the Information system security, along with technical and regulatory monitoring. It initiates and coordinates Group projects aimed at reducing risks in its field.

The Group IT Systems Groupe BPCE in banking industry groups and to public authorities.

For the purposes of permanent control, the Group SSI has regular contact within the central institution with the Risk Management, Compliance and Internal Audit divisions.

The central institution's Head of IT Systems Security is a member of the Group IT Systems Security division. And as such ensures the security of the Central Computer System (SI Fédéral) and of BPCE.

2. Organization

Groupe BPCE has established a groupwide IT system security process. It includes the Head of IT Systems Security (RSSI), responsible for the process, with the Heads of IT Systems Security for all of the institutions.

The heads of IT Systems Security for parent company affiliates, direct subsidiaries, and EIGs are functionally linked to the Group's head of IT Systems Security. This functional link means that:

- the Group's Head of IT Systems Security is notified of the appointment of any heads of IT system security;
- the Group's IT systems security policy is applied within the institutions, and each IT systems security policy must be communicated to the Group's Head of IT Systems Security prior to approval by executive management, the Board of Directors, or the Management Board;
- security report regarding the level of the institutions' compliance with the Group's IT system security policy, ongoing control, risk level, primary incidents, and actions is submitted to the group head of IT system security.

3. Work carried out in 2011

The Group work completed in 2011 related primarily to implementing the IT systems security policy (PSSI-G), in line with the actions initiated in 2010:

The Information Systems Security repository was prepared, approved by the BPCE Management Board on January 10, 2011, and circulated to all of the Group's institutions for compliance purposes. It therefore supplements the SSI established in 2010 and is comprised of 373 rules, categorized into 18 subject areas[1] and an organizational instruction document[2]. The combination of the SSI Charter and this repository of rules forms the PSSI-G, which incorporates the Group's security requirements.

An assessment of the compliance level of the Group's institutions with each of the PSSI-G rules was completed. Through this assessment, the Group obtained its first overview of its level of information systems security at a consolidated level.

The reconciliation work between the risks incurred by non-compliance and the costs of bringing the systems up to standard was begun in the fourth quarter of 2011 and will be completed in early 2012. This work will:

- help the institutions prioritize their plans to bring their systems up to standard;
- contribute to the ongoing process of improving the PSSI-G as from 2012;
- identify the Group's IT system security priorities for the coming years.

The implementation of the PSSI-G constitutes the necessary basis for the Group's SSI risk and control priorities begun in 2011:

- a methodology coordinating out the IT and SSI approaches with that of the business lines with regard to risk mapping was defined and applied to the "check" process. 2012 will be devoted to preparing for its implementation. In particular, the sensitivity risk sensitivity of the Group's information systems components will be assessed;
- the "new Group SSI permanent control repository" project was initiated at year-end 2011. It involves building the minimum basis for SSI permanent controls (levels 1 and 2) applicable by each of the institutions, replacing the current "SMC" system, limited solely to the Caisses d'Epargne.

The DSSI-G also contributed its security expertise to several Group projects so that security would be taken into account earlier (Group network; secure messaging, SEPA mail, computerization of contracts at branches, mobile telephone banking, etc.).

These projects are in keeping with the roll-out of the strong authentication solutions coordinated by the DSSI-G. Within Groupe BPCE, over 400,000 CAP/EMV readers (secure payments protocol) were deployed at year-end 2011 and close to seven million customers were equipped with the SMS solution.

Finally, the Group's IT System Security Committee, the Group's IT System Security supervisory body chaired by the Group's Head of IT System Security, met four times during 2011.

In the scope of BPCE, several projects were initiated in 2011 designed to raise and control the security level of its information systems:

- in coordination with the Information Systems division, the DSSI-G contributed to the completion and technical support of the Security Task Force (close to 2,000 man-days over 2 years);

(1) Authentication of clients for remote banking transactions and on-line payments; internet access security; e-mail security; control of access to software; computer network security; fight against malicious code; telephone system security; workstation security; IT development security; managing of digital evidence; education and training on IT system security for human resources; systems and equipment security; security of subcontracted or outsourced services; managing back-ups, archives and removable media; security of IT operation and production; security of wireless IT networks; mobile computing security; security of confidential digital information.

(2) Operating procedures of Group IT System Security.

- the massive authorizations project defined in 2010 was continued. It will provide BPCE in particular with a database of the rights granted to users, helping to better manage and trace authorizations and to control their reliability;
- the DSSI-G also coordinated the security assessments of several sensitive applications before they were deployed (WiFi network, suspicious activity reporting: Tracline; document sharing for the decision-making bodies: E-dataroom, etc.);
- the SSI scorecard was implemented.

Lastly, in accordance with the Group SSI Charter, BPCE's IT Systems Security Committee was established in the fourth quarter of 2011. It met once during the year.

4. Outlook for 2012

In 2012, the Group PSSI will be implemented more widely by the institutions, including BPCE.

At the same time, the Group's work on risk mapping, the permanent control repository and the Group's SSI incident management process will be continued. 2012 will be devoted to developing the future SSI permanent control repository for the Group and preparing for the roll-out of the Group's future method for mapping SSI risks, with the risk classification project for the information systems assets.

The DSSI-G will also initiate the first annual revision of the PSSI-G in order to take into account the emergence of new threats and necessary developments identified during the compliance assessment.

Finally, in 2012, the DSSI-G will further strengthen its support for the business lines and Group institutions in order to integrate security issues as far upstream as possible.

PERIODIC CONTROL

Duties of the Group *Inspection générale* division

In accordance with the central institution's responsibilities and because of collective solidarity rules, the Group's *Inspection générale* has the task of periodically checking that all Group institutions are operating correctly, and it provides Group 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 *Inspection générale* covers all risks, institutions and activities, including those that are outsourced.

Its main objectives are to evaluate and report to the executive and governing bodies of Groupe BPCE and entities on:

- the quality of the financial position;
- the actual level of risk;
- the quality of the organization and management;
- the consistency, suitability and effectiveness of risk measurement and management systems to assess and manage risk;
- the reliability and integrity of accounting and management information;
- compliance with laws, regulations and rules applicable to Groupe BPCE or each company;
- the effective implementation of recommendations made following previous audits and by regulators.

Group *Inspection générale* reports to the Chairman of the Management Board, and performs its work independently of the operational divisions and permanent control. Its operating procedures, processes to achieve consolidated supervision and optimal use of resources, are set out in a charter approved by BPCE's Management Board on December 7, 2009. The Audit divisions of affiliates or direct subsidiaries report to it through a strong operational link.

Scope of activity

To fulfill its role, the Group's *Inspection générale* establishes and maintains an up-to-date Group audit scope inventory, which is defined in coordination with the internal audit teams of the Group's 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, Group *Inspection générale* takes into account not only its own audits, but also those performed by the supervisory authorities and the internal audit divisions.

The annual audit program for the Group *Inspection générale* is approved by the Chairman of the Management Board. It is examined by the Groupe BPCE Audit and Risk Committee. This Committee ensures that the audit program provides satisfactory coverage of the Group's audit scope over several years and may recommend any measures to this effect. It reports on its work to the Groupe BPCE Supervisory Board.

Reporting

The assignements completed by of Group *Inspection générale* result in the formulation of recommendations prioritized by order of importance. These are monitored on a regular basis, at least every six months.

Inspection générale reports its findings to the senior managers of the audited entities and to their deliberating body. It also reports to the Chairman of BPCE's Management Board, to BPCE's Audit and Risk Committee and to BPCE's Supervisory Board. It provides these bodies with reports on the implementation of its main recommendations and those of the Autorité de Contrôle Prudentiel. 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 Audit and Risk Committee if measures are not executed.

It coordinates the timetable for drafting regulatory reports.

Representation in governance bodies and Group Risk committees

To fulfill its role and effectively contribute to promoting a control culture, the Group's Head of internal audit participates as a non-voting member in the central institution's key committees involved in risk management.

The Head of internal audit is a member of the Group Internal Control Coordination Committee and is a standing member of BPCE's Audit and Risk Committee, the Natixis Audit Committee, and the Audit Committees of Groupe BPCE's main subsidiaries (BPCE IOM, Crédit Foncier de France, Banque Palatine).

Relationship with the central institution's permanent control divisions

The Group's Head of Internal Audit maintains regular discussions within the central institution and exchanges information with unit heads within his or her audit scope and, more specifically, with divisions responsible for two level control.

These divisions must expediently notify the Head of Internal Audit of any failure or major incident brought to their attention. The Head of Internal Audit, along with Group Senior Executive Vice-Presidents, Risk Management, and Group Senior Executive Vice-Presidents, Compliance and Security, must expediently inform each other of any audit or disciplinary procedure initiated by the supervisory authorities, or more generally of any external audit brought to their attention.

Organization

Groupe BPCE *Inspection générale* oversees all audit processes.

The objective of this 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 divisions.

The Internal Audit divisions of affiliates and directly-owned subsidiaries report directly to Group *Inspection générale* through a strong functional link and a hierarchical reporting line to their entity's executive body.

This strong functional link is achieved through the following rules:

- the appointment or removal of internal audit directors of the affiliates or direct subsidiaries are subject to the prior approval of the Group Head of Internal Audit;
- the existence of a single Group Audit Charter within Groupe BPCE. It sets out the purpose, powers, responsibilities and general organization of the internal audit function in the overall internal control system and is applied to all Group companies monitored on a consolidated basis;
- Group *Inspection générale* ensures that the entities' internal audit divisions have the resources necessary to perform their duties; the budget and staff levels of these departments are set by the executive body of the affiliates and subsidiaries, in conjuction with Group *Inspection générale*;
- the entities' internal audit departments use audit methods defined by Group *Inspection générale* that are drawn up in consultation with them;
- multi-year and annual programs followed by the Internal Audit divisions of Groupe BPCE institutions are determined in conjunction with and consolidated by Group *Inspection générale*. Group *Inspection générale* is kept regularly informed of progress with these programs and any changes in their scope;
- the institutions' internal audit reports are communicated to Group *Inspection générale* as and when they are issued;
- audit reports from regulatory authorities relating to entities, related follow-up letters and answers to those letters, and sanction procedures are communicated to Group *Inspection générale* when they are received or issued, if sent directly to the institution;
- Groupe *Inspection générale* is notified as soon as possible of the start of audits performed by regulators on entities and subsidiaries, as well as any proceedings against them;
- the annual reports of the entities prepared pursuant to Articles 42 and 43 of CRBF Regulation 97-02 are sent to Group *Inspection générale*, which distributes them to the supervisory authorities.

This type of organization is duplicated in the subsidiaries and affiliates which themselves are parent companies.

The rules governing how the internal audit business line is managed between Natixis and the central institution are part of Groupe BPCE's audit process.

Considering the size and nature of the activities of the audit function, Group *Inspection générale* and the Internal Audit division of Natixis share coverage of the audit scope. They each conduct audits. A Coordination Committee meets regularly and involves both *Inspection générale* divisions. It is responsible for all issues related to the operation of Internal Audit between the central institution and Natixis group.

Work carried out in 2011 and outlook

The implementation of *Inspection générale*'s 2011 audit plan, which will be completed at the end of February 2012, has taken place against an eventful regulatory and financial backdrop. Consequently, in addition to the recurring audits conducting in the retail institutions (nine audits in the Caisses d'Epargne and their subsidiaries, eight in the Banque Populaire banks and their subsidiaries, nine in the BPCE IOM subsidiaries, two in Banque Palatine, and one in the foreign subsidiary of Crédit Foncier de France), six other audits were conducted as part of the Basel II approval process initiated by Groupe BPCE in various customer segments and entities. *Inspection générale* also audited several BPCE divisions, the Commercial Banking and Insurance division, the Group Risk Management division, the Group Compliance and Security division, the General Secretariat - Legal Affairs division, and Accounting. It also supervised two coordinated cross-company audits covering customer protection and mandatory customer documentation.

Aside from the 64 audit assignments launched over the course of 2011 under the audit plan, BPCE *Inspection générale* continued its in-depth revision of the audit standards and methodology based on best practices, started in August 2009. In particular, it finalized the draft of a standard describing the reporting procedures for audit work intended for the governance bodies and another describing the rules of confidentiality and security to be implemented. In addition, a standard entitled "Preparation of Audit Plans for the Retail Business" is being distributed. It is designed to define a uniform method for creating multi-year audit plans for a retail bank based on risk criteria, in order to guarantee coverage of the audit scope.

Lastly, a "resources" standard is currently being drawn up. Its objective, recalling the principles of human resources for the function, is to give the retail banks the resources to calibrate the needs of their audit teams in terms of number and quality.

This work will be extended into 2012 and will cover both the definition of the standards and developments to the tools for the function, particularly the operational implementation in the Group's entities and in the central institution of a shared tool to monitor the implementation of recommendations ("Reco!"). In addition, important updates will continue to be made to the audit guidelines in 2012. This work, initiated in 2010, will result in obtaining a body of uniform, updated audit guidelines. The results of this work are presented on a regular basis to BPCE's Audit and Risk Committee.

With regard to Natixis, which was also subject to major audits performed by Group *Inspection générale*, particularly in the Risk Management division, Corporate and Investment Banking (CIB), and Workout portfolio management (GAPC), the alignement of Natixis' *Inspection générale* methods with those of Group *Inspection générale* continued. In particular, this related to harmonizing the grading of recommendations, synchronizing respective annual macro-schedules, joint preparation of audit plans, and the joint design of fields of investigation/audit repositories, based on joint audit assignments to ensure compliance with these principles.

Lastly, BPCE *Inspection générale* will continue to conduct weekly monitoring of the implementation of recommendations intended to promote, if necessary, raising alerts intended for the Audit and Risk Committee, pursuant to Regulation 97-02.

2.1.3 Statutory auditors' report, prepared in accordance with Article L. 225-235 of the French Commercial Code, on the report of the Chairman of the Supervisory Board

Fiscal year ended December 31, 2011

To the Shareholders,

BPCE
50, avenue Pierre Mendès-France
75013 Paris

To the Shareholders,

In our capacity as Statutory Auditors of BPCE and in accordance with Article L. 225-235 of the French Commercial Code *(Code de commerce),* we hereby report to you on the report prepared by the Chairman of your company in accordance with Article L. 225-68 of the French Commercial Code for the fiscal year ended December 31, 2011.

It is the Chairman's responsibility to prepare, and submit to the Supervisory Board for approval, a report describing the internal control and risk management procedures implemented by the company and containing the other disclosures required by Article L. 225-68 of the French Commercial Code, relating in particular to corporate governance.

It is our responsibility:

- to report to you on the information contained in the Chairman's report on internal control and risk management procedures relating to the preparation and processing of accounting and financial information;
- to attest that the report includes the other information required by Article L. 225-68 of the French Commercial Code, it being specified that we are not responsible for verifying the authenticity of this information.

We conducted our work in accordance with professional standards applicable in France.

Information concerning internal control and risk management procedures relating to the preparation and processing of accounting and financial information

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

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the financial and accounting information on which the information presented in the Chairman's report is based and of the existing documentation;
- familiarizing ourselves with work done to prepare this information and with existing documentation;
- determining whether any material weakness in internal control relating to the preparation and processing of accounting and financial information noted during our audit are properly reported in the Chairman's report.

On the basis of this work, we have nothing to report on the information concerning the company's internal control and risk management procedures relating to the preparation and processing of accounting and financial information contained in the report prepared by the Chairman of the Supervisory Board in accordance with Article L. 225-68 of the French Commercial Code.

Other information

We confirm that the report of the Chairman of the Supervisory Board sets out the other information required by Article L. 225-68 of the French Commercial Code.

Paris La Défense and Neuilly-sur-Seine, March 30, 2012

The Statutory Auditors

KPMG Audit	PricewaterhouseCoopers Audit	Mazars
Division of KPMG S.A.		
Fabrice Odent	Anik Chaumartin	Charles de Boisriou
Marie-Christine Jolys		Jean Latorzeff

2.2 Management and Supervisory Bodies

2.2.1 Supervisory Board

The report by the Chairman on the activities of the Supervisory Board and internal control and risk management procedures details, in the first part of this report on the Supervisory Board (pages 26 to 36), the principles underlying the creation of the Board as well as its role and rules of operation, the manner in which its members are appointed and the length of their terms of office.

MEMBERS

The table below lists the members of the Supervisory Board as at December 31, 2011.

On December 15, 2011, the Board appointed Yves Toublanc as its Chairman and Stève Gentili as its Vice-Chairman as of January 1, 2012.

At December 31, 2011

Office	Date of appointment renewal	Term of office ends in	Business address
Chairman of the Supervisory Board			
Philippe Dupont	07/31/2009	2015	BPCE 50, avenue Pierre Mendès-France – 75201 Paris cedex 13
Vice-Chairman of the Supervisory Board			
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
Pierre Valentin Chairman of the Steering and Supervisory Board of Caisse d'Epargne Languedoc-Roussillon	07/31/2009	2015	Caisse d'Epargne Languedoc-Roussillon 254 rue Michel Teule – BP 7330 – 34184 Montpellier cedex 4
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

Office	Date of appointment renewal	Term of office ends in	Business address
Independent members			
Maryse Aulagnon Chairman and Chief Executive Officer, AFFINE Group	12/16/2010	2015	AFFINE 5, rue Saint-Georges – 75009 Paris
Laurence Danon Chairman of the Management Board, Edmond de Rothschild Corporate Finance	07/31/2009	2015	La Compagnie Financière Edmond de Rothschild 47, rue faubourg saint Honoré 75008 Paris
Marwan Lahoud Director of Corporate Strategy and Marketing and Member of the Executive Committee of EADS	07/31/2009	2015	EADS 37 boulevard Montmorency 75016 Paris
Marie-Christine Lombard Chairman and Chief Executive Officer of TNT Express	12/16/2010	2015	TNT Express 58, Avenue Leclerc – BP 7237 – 69354 Lyon cedex 07
Non-voting directors			
Natixis (1) represented by Laurent Mignon, Chief Executive Officer, Natixis	07/31/2009	2015	Natixis 30, avenue Pierre-Mendès-France – 75013 Paris
Raymond Oliger Chairman, Fédération Nationale des Banques Populaires	05/19/2011	2017	Fédération Nationale des Banques Populaires 19 rue Leblanc 75015 Paris
Michel Sorbier Chairman, Fédération Nationale des Caisses d'Epargne	05/19/2011	2017	Fédération Nationale des Caisses d'Epargne 5 rue Masseran 75007 Paris
Gils Berrous Chief Executive Officer of Banque Populaire du Nord	05/19/2011	2017	Banque Populaire du Nord 847, avenue de la République – 59700 Marcq en Baroeul
Pierre Carli Chairman of the Management Board of Caisse d'Epargne Midi-Pyrénées	05/19/2011	2017	Caisse d'Epargne Midi Pyrénées 10 avenue Maxwell – BP 22306 31023 Toulouse cedex 1
Alain Condaminas Chief Executive Officer of Banque Populaire Occitane	05/19/2011	2017	Banque Populaire Occitane 33-43 avenue Georges-Pompidou – 31135 Balma cedex
Alain Denizot Chairman of the Management Board of Caisse d'Epargne Nord France Europe	05/19/2011	2017	Caisse d'Epargne Nord France Europe 135, pont des Flandres 59777 Euralille

(1) Non-voting director.

2.2.2 Management Board

PERIOD

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.

PRINCIPLES

The Management Board consists of between two and five individuals, who may or may not be selected from among the shareholders.

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

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

MEMBERS

From January 1, 2011 to September 19, 2011

François Pérol, Chairman of the Management Board
Nicolas Duhamel, Member of the Management Board, Chief Financial Officer
Olivier Klein, Member of the Management Board, Chief Executive Officer - Commercial Banking and Insurance
Philippe Queuille, Member of the Management Board, Chief Executive Officer – Operations and oversight for the restructuring of the central institution
Jean-Luc Vergne, Member of the Management Board, Chief Human Resources Officer

Since September 19, 2011

On August 4, 2011, the Supervisory Board took note of the resignation of Jean-Luc Vergne with effect from September 19, 2011 and appointed Anne Mercier-Gallay as Chief Human Resources Officer also with effect from September 19, 2011.

François Pérol, Chairman of the Management Board
Nicolas Duhamel, Member of the Management Board, Chief Financial Officer
Olivier Klein, Member of the Management Board, Chief Executive Officer - Commercial Banking and Insurance
Philippe Queuille, Member of the Management Board, Chief Executive Officer – Operations and oversight for the reorganization of the central institution
Anne Mercier-Gallay, Member of the Management Board, Chief Human Resources Officer

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 duties similar to those of Chief Executive Officer or Deputy Chief Executive Officer within 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 are no conflicts of interests between any duties of Management Board members with respect to the issuing entity and their private interests or other duties;
- there are no family relationships between Management Board members;
- no member of the Management Board has, for at least the previous five years, been convicted of fraud, associated with bankruptcies, receiverships or liquidations, convicted of a crime or subject to an official public sanction handed down by statutory or regulatory authorities, or disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer;
- at the filing date of this document, no member of the Management Board was linked to BPCE or any of its subsidiaries by a service contract providing for benefits.

DUTIES AND POWERS

In accordance with Article 18 of BPCE's bylaws, the Management Board has the broadest powers to act under all circumstances in the company's name within the corporate purpose and subject to decisions requiring prior authorization, per law or these bylaws, of the Supervisory Board and Annual General Shareholders' Meetings.

In particular, the Management Board shall:

- perform duties as the company's central institution as specified by law, and, if applicable, after receiving prior authorization from the Supervisory Board, as specified by these bylaws;
- exercise all banking, financial, administrative and technical powers;
- approve the appointment of executive management 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 institution 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 the guarantee and solidarity funds of the Networks and the Group;
- approve the bylaws of affiliated institutions and local savings companies and any changes thereto;
- determine the rules relating to the remuneration paid to managers responsible for affiliated credit institutions including any contingent compensation and benefits granted to such individuals on or after termination of employment;
- issue general internal directives to affiliated institutions, to ensure the purposes defined in Article L. 511-31 of the French Monetary and Financial Code.

The Management Board is required to comply with the limitations on powers pursuant to 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 recommendation of the Chairman of the Management Board, the Supervisory Board may grant the same power of representation to one or more Management Board members, who shall then bear the title of Chief Executive Officer. The Chairman of the Management Board and the Chief Executive or Chief Executives, if any, are authorized to appoint any special representative and to deputize them in respect of part of their powers.

With the authorization of the Supervisory Board, the members of the Management Board may, on the recommendation 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 capacity as a collegial management body.

Once every three months, the Management Board shall present a written report to the Supervisory Board on 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. The Board will also submit the consolidated financial statements within this same period.

2.2.3 Directorships and Offices held by members of BPCE's Management Board in 2011

SUPERVISORY BOARD

For the Caisse d'Epargne network

YVES TOUBLANC
Born August 10, 1946

Offices held at December 31, 2011

Vice-Chairman of the BPCE Supervisory Board
Chairman of the Steering and Supervisory Board of Caisse d'Epargne Rhône Alpes (CERA)
Chairman of the Board of Directors: CE Holding Promotion, SLE de Savoie
Legal Manager: Cartograim Conseil**

Terms of office expired in 2011

Chairman: Chatel Participations** (term expired on December 31, 2011)
Legal Manager: Chatel Industries** (term expired on December 31, 2011)
Director: Satil Rem **(term expired on December 31, 2011), Procoat ING** (term expired on June 30, 2011)

Offices held at December 31 in previous years

2010	2009	2008	2007
Chairman of the Steering and Supervisory Board of Caisse d'Epargne Rhône Alpes **Vice-Chairman of the BPCE Supervisory Board** **Chairman of the Board of Directors:** CE Holding Promotion, SLE SAVOIE, Caisses d'Epargne Participations (term expired on August 5, 2010) **Chairman:** Chatel Participations **Director:** Satil Rem, Procoat ING **Legal Manager:** Chatel Industries, Cartograim Conseil	**Vice-Chairman of the BPCE Supervisory Board** **Chairman of the Steering and Supervisory Board of Caisse d'Epargne Rhône Alpes** **Chairman of the Supervisory Board:** Caisse Nationale des Caisses d'Epargne (CNCE) – term expired on July 31, 2009 **Chairman of the Board of Directors:** Caisses d'Epargne Participations, SLE Sillon Alpin (Permanent Representative of Chatel Participations – term expired on January 31, 2009), Chatel Participations, SLE de Savoie **Director:** SATIL REM, Procoat **Legal Manager:** Chatel Industries, Cartograim Conseil	**Chairman of the Steering and Supervisory Board of Caisse d'Epargne Rhône Alpes** **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) **Director:** SATIL REM, Procoat **Legal Manager:** Chatel Industries, Cartograim Conseil	**Chairman of the Steering and Supervisory Board of Caisse d'Epargne Rhône Alpes** **Chairman of the Board of Directors:** SLE Sillon Alpin (Permanent Representative of Chatel Participations), Chatel Participations **Member of the Supervisory Board:** Caisse Nationale des Caisses d'Epargne (CNCE) **Director:** SATIL REM, Procoat **Legal Manager:** Chatel Industries, Cartograim Conseil

** *Company outside of the Group*

CATHERINE AMIN-GARDE
Born March 8, 1955

Offices held at December 31, 2011

Member of the Supervisory Board of BPCE

Chairman of the Steering and Supervisory Board of Caisse d'Epargne Loire Drôme Ardèche (CELDA)

Chairman of the Board of Directors of SLE Drôme Provençale Centre (local savings company)

Chairman of Fondation Loire Drôme Ardèche

Director: FNCE, CE Holding Promotion, Association Savoirs pour réussir Drôme, Natixis Interépargne

Terms of office expired in 2011

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Offices held at December 31 in previous years

2010	2009	2008	2007
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:** SLE Drôme Provençale Centre **Chairman:** Fondation Loire Drôme Ardèche **Director:** FNCE, CE Holding Promotion, Association Savoirs pour réussir Drôme	**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:** SLE Drôme Provençale Centre **Chairman:** Fondation Loire Drôme Ardèche **Member of the Supervisory Board (and Member of the Strategy Committee):** Caisse Nationale des Caisses d'Epargne (term expired on July 31, 2009) **Director:** FNCE, Association Savoirs pour réussir Drôme	**Chairman of the Steering and Supervisory Board of Caisse d'Epargne Loire Drôme Ardèche** **Chairman of the Board of Directors:** SLE Drôme Provençale Centre **Chairman:** Fondation Loire Drôme Ardèche **Member of the Supervisory Board (and Member of the Strategy Committee):** Caisse Nationale des Caisses d'Epargne **Director:** Association Savoirs pour réussir Drôme	**Chairman of the Steering and Supervisory Board of Caisse d'Epargne Loire Drôme Ardèche** **Chairman of the Board of Directors:** SLE Drôme Provençale Centre **Chairman:** Fondation Loire Drôme Ardèche **Member of the Supervisory Board (and Member of the Strategy Committee):** Caisse Nationale des Caisses d'Epargne **Director:** Association Savoirs pour réussir Drôme

BERNARD COMOLET
Born March 9, 1947

Offices held at December 31, 2011

Member of the Supervisory Board of BPCE
Chairman of the Management Board of Caisse d'Epargne Île-de-France (CEIDF)
Chairman of the Supervisory Board: Banque BCP
Vice-Chairman of the Board of Directors: Nexity*
Director: CE Holding Promotion
Member of the Supervisory Board: Banque BCP Luxembourg
Permanent Representative of CE IDF, Director: Immobilière 3F
Permanent Representative of CE IDF, Member of the Supervisory Board: IT-CE (Informatique & Technologies – Caisse d'Epargne)

Terms of office expired in 2011

Permanent Representative of CE IDF, Member of the Supervisory Board: GCE Business Services (absorbed by IT-CE, formerly GCE Technologies)

Offices held at December 31 in previous years

2010	2009	2008	2007
Member of the Supervisory Board of BPCE **Chairman of the Management Board of Caisse d'Epargne 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 **Director:** CE Holding Promotion **Permanent Representative of CE IDF, Director:** Immobilière 3F **Permanent Representative of CE IDF, Member of the Supervisory Board:** GCE Business Services, GCE Technologies	**Member of the Supervisory Board of BPCE** **Chairman of the Management Board of Caisse d'Epargne 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 **Director:** Caisses d'Epargne Participations, Financière Océor **Permanent Representative of CE IDF, Director:** Immobilière 3F **Permanent Representative of CE IDF, Member of the Supervisory Board:** EFIDIS, GCE Business Services, GCE Technologies	**Chairman of the Management Board:** Caisse Nationale des Caisses d'Epargne (term expired on March 1, 2009), Caisse d'Epargne Île-de-France **Chairman of the Supervisory Board:** Natixis, 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, Caisse Nationale des Caisses d'Epargne **Member of the Supervisory Board:** Banque BCP Luxembourg **Director:** CNP Assurances, Sopassure **Permanent Representative of CE IDF, Director:** Immobilière 3F **Permanent Representative of CE IDF, Member of the Supervisory Board:** EFIDIS, GCE Business Services, GCE Technologies **Member of the Executive Committee:** Fédération Bancaire Française	**Chairman of the Management Board:** Caisse d'Epargne Île-de-France Paris, Caisse d'Epargne 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 **Permanent Representative of CE IDF, Director:** Immobilière 3F **Permanent Representative of CE IDF, Member of the Supervisory Board:** EFIDIS, GCE Business Services, GCE Technologies **Non-voting director:** CNP Assurances

* *Listed company*

FRANCIS HENRY
Born August 7, 1946

Offices held at December 31, 2011

Member of the Supervisory Board of BPCE

Chairman of the Steering and Supervisory Board of Caisse d'Epargne Lorraine Champagne-Ardenne (CELCA)

Chairman of the Board of Directors of SLE Marne (local savings company)

Director: Crédit Foncier de France, CE Holding Promotion, Fédération Nationale des Caisses d'Epargne

Terms of office expired in 2011

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Offices held at December 31 in previous years

2010	2009	2008	2007
Member of the Supervisory Board of BPCE **Chairman of the Steering and Supervisory Board of Caisse d'Epargne Lorraine Champagne-Ardenne** **Chairman of the Board of Directors:** SLE Marne **Director:** Crédit Foncier de France, CE Holding Promotion, Fédération Nationale des Caisses d'Epargne	**Member of the Supervisory Board of BPCE** **Chairman of the Steering and Supervisory Board of Caisse d'Epargne Lorraine Champagne-Ardenne** **Chairman of the Board of Directors:** SLE Marne Nord **Director:** Crédit Foncier de France, Caisses d'Epargne Participations, Fédération Nationale des Caisses d'Epargne **Member of the Supervisory Board:** Natixis (term expired on October 13, 2009)	**Chairman of the Steering and Supervisory Board of Caisse d'Epargne Lorraine Champagne-Ardenne** **Chairman of the Board of Directors:** SLE Marne Nord **Director:** Crédit Foncier de France, Fédération Nationale des Caisses d'Epargne **Member of the Supervisory Board:** Natixis	**Chairman of the Steering and Supervisory Board of Caisse d'Epargne Lorraine Champagne-Ardenne** **Chairman of the Board of Directors:** SLE Marne Nord **Director:** Crédit Foncier de France **Member of the Supervisory Board:** Natixis

PIERRE MACKIEWICZ
Born June 26, 1949

Offices held at December 31, 2011

Member of the Supervisory Board of BPCE

Chairman of the Steering and Supervisory Board of Caisse d'Epargne Côte d'Azur (CECAZ)

Chairman of the Board of Directors of SLE Est Alpes Maritimes (local savings company)

Director: CE Holding Promotion, Natixis Financement, Natixis Consumer Finance, Association CREASOL

Permanent Representative of CECAZ, Director: FNCE

Terms of office expired in 2011

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Offices held at December 31 in previous years

2010	2009	2008	2007
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:** SLE Est Alpes Maritimes **Director:** CE Holding Promotion, Natixis Financement, Natixis Consumer Finance, Association CREASOL **Permanent Representative of CECAZ, Director:** FNCE	**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:** SLE Est Alpes Maritimes **Director:** Caisses d'Epargne Participations, Natixis Epargne Financière, Natixis Epargne Financière Gestion **Member of the Supervisory Board:** CNCE (from May 28, 2009 to July 31, 2009)	**Vice-Chairman of the Steering and Supervisory Board of Caisse d'Epargne Côte d'Azur** **Chairman of the Board of Directors:** SLE Est Alpes Maritimes	**Vice-Chairman of the Steering and Supervisory Board of Caisse d'Epargne Côte d'Azur** **Chairman of the Board of Directors:** SLE Est Alpes Maritimes

DIDIER PATAULT
Born February 22, 1961

Offices held at December 31, 2011

Member of the Supervisory Board of BPCE
Chairman of the Management Board of Caisse d'Epargne Bretagne Pays de Loire (CEBPL)
Chairman and Chief Executive Officer of SODERO
Chairman of the Supervisory Board: SODERO Gestion, BATIROC Bretagne Pays de Loire
Chairman of the Board of Directors: SODERO Participations, SA des Marchés de l'Ouest (SAMO)
Member of the Supervisory Board: GCE Capital
Director: Natixis*, Natixis Coficiné, Mancelle Habitation, Compagnie de Financement Foncier – SCF, CE Holding Promotion
Permanent Representative of CEBPL, Director: Pays de la Loire Développement, SEMITAN, NAPF, FNCE
Permanent Representative of CEBPL, Member of the Supervisory Board: GCE IT-CE (formerly GCE Technologies)

Terms of office expired in 2011

Permanent Representative of CEBPL, Member of the Supervisory Board: GCE Business Services (absorbed by GCE IT-CE, formerly GCE Technologies)

Offices held at December 31 in previous years

2010

Member of the Supervisory Board of BPCE

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

Chairman and Chief Executive Officer: SODERO

Chairman of the Supervisory Board: SODERO Gestion, BATIROC Bretagne – Pays de Loire

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

Member of the Supervisory Board: GCE Capital

Director: Natixis, Natixis Coficiné, Mancelle Habitation, Compagnie de Financement Foncier – SCF, CE Holding Promotion

Permanent Representative of CEBPL, Director: Pays de la Loire Développement, SEMITAN, NAPF, FNCE

Permanent Representative of CEBPL, Member of the Supervisory Board: GCE Technologies, GCE Business Services

2009

Member of the Supervisory Board of BPCE

Chairman of the Management Board of Caisse d'Epargne 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 May 28, 2009 to July 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)

2008

Chairman of the Management Board of Caisse d'Epargne 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

Vice-Chairman of the Supervisory Board: Natixis

Member of the Supervisory Board: GCE Capital, GCE Business Services (Permanent Representative of CEP BPL), GIRCE Ingénierie (Permanent Representative of CEP BPL until July 1, 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, Meilleurtaux, GIRCE Stratégie (Permanent Representative of CEP BPL)

2007

Chairman of the Management Board of Caisse d'Epargne 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, Ixis CIB

Director: Meilleurtaux, Oterom Holding, Université GCE, 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

* *Listed company*

PIERRE VALENTIN
Born February 6, 1953

Offices held at December 31, 2011

Member of the Supervisory Board of BPCE
Chairman of the Steering and Supervisory Board of Caisse d'Epargne Languedoc-Roussillon (CELR)
Chairman of the Board of Directors of SLE Vallée des Gardons
Vice-Chairman of the Supervisory Board: Banque Palatine
Member of the Supervisory Board: Banque Palatine
Director: CE Holding Promotion, Clinique Bonnefon**, Pierre et Lise Immobilier**, FNCE
Legal Manager: SCI Les Trois Cyprès**, SCI Les Amandiers**

Mandats échus en 2011

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Offices held at December 31 in previous years

2010	2009	2008	2007
Member of the Supervisory Board of BPCE **Chairman of the Steering and Supervisory Board of Caisse d'Epargne Languedoc-Roussillon** **Chairman of the Board of Directors:** SLE Vallée des Gardons **Vice-Chairman of the Supervisory Board:** Banque Palatine **Director:** CE Holding Promotion, Clinique Bonnefon, Pierre et Lise Immobilier, FNCE **Member of the Supervisory Board:** Banque Palatine **Legal Manager:** SCI Les Trois Cyprès, SCI Les Amandiers	**Member of the Supervisory Board of BPCE** **Chairman of the Steering and Supervisory Board of Caisse d'Epargne Languedoc-Roussillon** **Chairman of the Board of Directors:** SLE Vallée des Gardons **Vice-Chairman of the Supervisory Board:** Banque Palatine **Member of the Supervisory Board:** Caisse Nationale des Caisses d'Epargne (from May 28, 2009 to July 31, 2009), 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	**Chairman of the Steering and Supervisory Board of Caisse d'Epargne 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 of Caisse d'Epargne 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

** *Company outside of the Group*

For the Banque Populaire network

PHILIPPE DUPONT
Born April 18, 1951

Offices held at December 31, 2011

Chairman of the Supervisory Board of BPCE
Director: Fondation de France**
Legal Manager: SCI du 48 rue de Paris**

Terms of office expired in 2011

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Offices held at December 31 in previous years

2010	2009	2008	2007
Chairman of the Supervisory Board of BPCE **Director:** Fondation de France **Legal Manager:** SCI du 48 rue de Paris	**Chairman of the Supervisory Board of BPCE** **Chairman of the Board of Directors:** Banques Populaires Participations (formerly BFBP) **Chairman of the Board of Directors:** Fondation d'Entreprise Groupe Banque Populaire, Confédération Internationale des Banques Populaires **Permanent Representative of Banques Populaires Participations, Chairman:** SAS Ponant 3 **Director:** Fondation de France **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 (until March 2, 2009) **Chairman:** Confédération Internationale des Banques Populaires **Chairman of the Board of Directors:** Fondation d'Entreprise Groupe Banque Populaire **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 **Vice-Chairman:** Confédération Internationale des Banques Populaires **Chairman of the Board of Directors:** Fondation d'Entreprise Groupe Banque Populaire **Legal Manager:** SCI du 48 rue de Paris

GÉRARD BELLEMON
Born October 1, 1954

Offices held at December 31, 2011

Member of the Supervisory Board of BPCE
Chairman of the Board of Directors of Banque Populaire Val de France
Director: Natixis Assurances, Fondation Banque Populaire
Chairman: Suard Bellemon**, SOBEGEST**
Permanent Representative of BP Val de France, Member of the Supervisory Board: Assurances Banque Populaire – Iard

Terms of office expired in 2011

-

Offices held at December 31 in previous years

2010	2009	2008	2007
Member of the Supervisory Board of BPCE **Chairman of the Board of Directors of Banque Populaire Val de France** **Director:** Natixis Assurances, Fondation Banque Populaire **Chairman:** Suard Bellemon, SOBEGEST **Permanent Representative of BP Val de France, Member of the Supervisory Board:** Assurances Banque Populaire – Iard	**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:** BP Participations, Société Marseillaise de Crédit (SMC), Fondation Banque Populaire **Permanent Representative of BP Val de France, Member of 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 Assurances, Natixis LLD **Director:** Société Marseillaise de Crédit (SMC), Fondation Banque Populaire **Permanent Representative of BP Val de France, Member of 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:** Fondation Banque Populaire **Permanent Representative of BP Val de France, Member of the Supervisory Board:** Assurances Banque Populaire – Iard

** *Company outside of the Group*

THIERRY CAHN
Born September 25, 1956

Offices held at December 31, 2011

Member of the Supervisory Board of BPCE

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

Member of the Supervisory Board: Banque Palatine

Terms of office expired in 2011

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Offices held at December 31 in previous years

2010	2009	2008	2007
Member of the Supervisory Board of BPCE **Chairman of the Board of Directors of Banque Populaire d'Alsace** **Member of the Supervisory Board:** Banque Palatine	**Member of the Supervisory Board of BPCE** **Chairman of the Board of Directors of Banque Populaire d'Alsace** **Director:** Banque Fédérale des Banques Populaires **Member of the Supervisory Board:** Foncia group	**Chairman of the Board of Directors of Banque Populaire d'Alsace** **Director:** Banque Fédérale des Banques Populaires **Member of the Supervisory Board:** Foncia group	**Chairman of the Board of Directors of Banque Populaire d'Alsace**

JEAN CRITON
Born June 2, 1947

Offices held at December 31, 2011

Member of the Supervisory Board of BPCE

Chief Executive Officer of Banque Populaire Rives de Paris

Chairman and Chief Executive Officer: Sud Participation SA

Chairman of the Board of Directors: BPCE Achats, Turbo SA

Vice-Chairman of the Board of Directors: Fondation d'Entreprise Banque Populaire

Director: Natixis*, Natixis Private Equity

Permanent Representative of BP Rives de Paris, Director: i-bp, Association des Banques Populaires pour la Création d'Entreprise

Permanent Representative of BP Rives de Paris, Chairman of the Board of Directors: SAS Sociétariat BP Rives de Paris

Terms of office expired in 2011

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Offices held at December 31 in previous years

2010	2009	2008	2007
Member of the Supervisory Board of BPCE **Chief Executive Officer of Banque Populaire Rives de Paris** **Chairman and Chief Executive Officer:** Sud Participation SA **Chairman of the Board of Directors:** Turbo SA, BPCE Achats **Director:** Natixis, Natixis Private Equity, Fondation d'Entreprise Banque Populaire **Permanent Representative of BP Rives de Paris, Director:** i-bp, Association des Banques Populaires pour la Création d'Entreprise **Permanent Representative of BP Rives de Paris, Chairman of the Board of Directors:** SAS Sociétariat BP Rives de Paris	**Member of the Supervisory Board of BPCE** **Chief Executive Officer of Banque Populaire Rives de Paris** **Chairman and Chief Executive Officer:** Sud Participation SA **Chairman of the Board of Directors:** Turbo SA **Permanent Representative of BP Rives de Paris, Director:** 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	**Chief Executive Officer of Banque Populaire Rives de Paris** **Chairman and Chief Executive Officer:** 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 BP Rives de Paris, Vice-Chairman of the Board of Directors:** i-bp **Chairman:** SAS Sociétariat Banque Populaire Rives de Paris	**Chief Executive Officer of Banque Populaire Rives de Paris** **Chairman and Chief Executive Officer:** Sud Participation SA **Director:** Coface, Natexis Assurances, Natexis Private Banking, Fondation d'Entreprise Groupe Banque Populaire **Permanent Representative of BP Rives de Paris, Chairman of the Board of Directors:** i-bp **Chairman:** SAS Sociétariat Banque Populaire Rives de Paris

* *Listed company*

PIERRE DESVERGNES

Born November 23, 1950

Offices held at December 31, 2011

Member of the Supervisory Board of BPCE

Chairman and Chief Executive Officer of CASDEN Banque Populaire

Chairman of the Board of Directors: Parnasse Finance**

Director: Crédit Foncier de France, Banque Monétaire Financière**, Parnasse MAIF SA**, Union Mutualiste Retraite (UMR)**

Representative of CASDEN Banque Populaire, Chairman: SAS Finance**, SAS Parnasse Espace 1**, SAS Parnasse Espace 2**

Legal Manager: Inter Promo**

Terms of office expired in 2011

Permanent Representative of CASDEN Banque Populaire, Director: Parnasse Services

Offices held at December 31 in previous years

2010	2009	2008	2007
Member of the Supervisory Board of BPCE **Chairman and Chief Executive Officer of CASDEN Banque Populaire** **Chairman of the Board of Directors:** Parnasse Finance **Director:** Crédit Foncier de France, Banque Monétaire Financière, Parnasse MAIF SA, Union Mutualiste Retraite (UMR) **Representative of CASDEN Banque Populaire, Chairman:** SAS Finance, SAS Parnasse Espace 1, SAS Parnasse Espace 2 **Permanent Representative of CASDEN Banque Populaire, Director:** Parnasse Services **Permanent Representative of CASDEN Banque Populaire, Member of the Supervisory Board:** SCPI Fructi Pierre **Legal Manager:** Inter Promo	**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 **Chairman:** SAS Parnasse Espace 1, SAS Parnasse Espace 2 **Director:** Natixis Assurances, Banques Populaires Participations, Banque Monétaire Financière, Parnasse MAIF SA **Representative of Banques Populaires Participations on the Supervisory Board:** Foncia group **Representative of CASDEN Banque Populaire on the Board of Directors (Vice-Chairman):** VALORG	**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:** Parnasse Services SA **Permanent Representative of BFBP on the Supervisory Board:** Foncia group **Permanent Representative of CASDEN Banque Populaire on the Supervisory Board:** Parnasse Immo (Scpi) **Permanent Representative of Parnasse Finance on the Board of Directors:** 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:** Natexis Altaïr **Director representing Parnasse Finance on the Board of Directors:** Parnassienne de Crédit **Member of the Supervisory Board:** Foncia group representing BFBP **Chairman:** Maine Gestion **Member representing CASDEN Banque Populaire on the Supervisory Board:** Parnasse Immo

** *Company outside of the Group*

STÈVE GENTILI
Born June 5, 1949

Offices held at December 31, 2011

Member of the Supervisory Board of BPCE

Chairman of the Board of Directors of BRED Banque Populaire

Chairman of the Board of Directors: Banque Internationale de Commerce – Bred, Bred Gestion, COFIBRED, Fondation d'Entreprise Bred, SPIG**, Natixis Institutions Jour, NRJ Invest**, l'Agence Banque Populaire pour la Coopération et le Développement

Director: Natixis*, Natixis Algérie, Natixis Pramex International Milan, BCI Mer Rouge, Bercy Gestion Finances +**, Bred Cofilease**, Thales**, Prepar Iard**, Promepar Gestion**

Member of the Supervisory Board: Prépar-Vie

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

Terms of office expired in 2011

Chairman of the Board of Directors: Natixis Pramex International

Offices held at December 31 in previous years

2010	2009	2008	2007
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:** Natixis, Natixis Algérie, Natixis Pramex International Milan **Member of the Supervisory Board:** Prépar-Vie **Representative of BRED Banque Populaire on the Board of Directors:** BICEC, BCI-Banque Commerciale Internationale	**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) **Member of the Supervisory Board:** Prépar-Vie **Representative of BRED Banque Populaire on the Board of Directors:** BICEC, BCI-Banque Commerciale Internationale	**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 **Vice-Chairman of the Board of Directors:** Banques Populaires Participations (BP Participations, formerly BFBP) **Director:** Banque Fédérale des Banques Populaires (Vice-Chairman), Bercy Gestion Finances+, BRED Cofilease, Coface, Natixis Algérie, Natixis Pramex Italia Srl, Prepar IARD, Promepar Gestion, Société Marseillaise de Crédit (SMC) **Member of the Supervisory Board:** Natixis, Prépar-Vie **Permanent Representative of BRED BP, Director:** BICEC, BCI – Banque Commerciale Internationale, Njr Invest BCI	**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:** Natixis Pramex International **Vice-Chairman of the Board of Directors:** Banques Populaires Participations (BP Participations, formerly BFBP) **Vice-Chairman of the Supervisory Board:** Banque Internationale de Commerce-BRED (BIC-BRED) **Director:** Coface, Natexis Algérie, Pramex International Milan, Compagnie Financière de la BRED (Cofibred), LFI, BGF+, BRED Cofilease **Member of the Supervisory Board:** Prépar-Vie **Permanent Representative of BRED BP, Director:** BICEC, BCI

** *Company outside of the Group*

BERNARD JEANNIN
Born April 19, 1949

Offices held at December 31, 2011

Member of the Supervisory Board of BPCE

Chief Executive Officer of Banque Populaire Bourgogne Franche-Comté

Director: Natixis*

Permanent Representative of Banque Populaire Bourgogne Franche-Comté, Director: i-bp, Association des BP pour la Création d'Entreprise

Terms of office expired in 2011

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Offices held at December 31 in previous years

2010	2009	2008	2007
Member of the Supervisory Board of BPCE **Chief Executive Officer of Banque Populaire Bourgogne Franche-Comté** **Director:** Natixis **Permanent Representative of Banque Populaire Bourgogne Franche-Comté, Director:** i-bp, Association des BP pour la Création d'Entreprise	**Member of the Supervisory Board of BPCE** **Chief Executive Officer of Banque Populaire Bourgogne Franche-Comté** **Vice-Chairman of the Board of Directors:** Natixis Lease **Director:** Natixis, Natixis Assurances, Natixis Paiements, Banque de Savoie, Banques Populaires Participations **Permanent Representative of BP Bourgogne Franche-Comté, Director:** i-bp, Association des BP pour la Création d'Entreprise	**Chief Executive Officer of Banque Populaire Bourgogne Franche-Comté** **Member of the Supervisory Board:** Natixis **Director:** Banque Fédérale des Banques Populaires, Natixis Assurances, Natixis Lease, Natixis Paiements, Banque de Savoie **Permanent Representative of BP Bourgogne Franche-Comté, Director:** i-bp	**Chief Executive Officer of Banque Populaire Bourgogne Franche-Comté** **Member of the Supervisory Board:** Natixis **Director:** Banque Fédérale des Banques Populaires, Natixis Assurances, Natixis Paiements, Natixis Lease, C.A.R, IPMPE, Institution de Prévoyance du Groupe Banque Populaire **Permanent Representative of BP Bourgogne Franche-Comté, Director:** i-bp

* *Listed company*

Independent members

MARYSE AULAGNON
Born April 19, 1949

Offices held at December 31, 2011

Member of the BPCE Supervisory Board – Independent member

Chairman and Chief Executive Officer of AFFINE SA*/**

Chairman: MAB-Finances**

Director: Air France KLM*/**, Affiparis*/**, Holdaffine**

Permanent Representative of Affine, Chairman: Banimmo**, Gesfimmo**, Capucine Investissements**, Les 7 collines**, SIPEC**, Promaffine**

Permanent Representative of Affine, Legal Manager: Nevers Colbert**, ATIT**, Bretigny**, Jardin des Quais**

Permanent Representative of Promaffine, Legal Manager: Bourgtheroulde de l'Eglise**, Luce Parc-Leclerc**, Nanterre Terrasses 12**, Paris 29 Copernic**

Permanent Representative of MAB-Finances, Director: Cour des Capucines**

Permanent Representative of ATIT, Liquidator: 2/4 Haussmann**

Permanent Representative of MAB-Finances, Member of the Executive Committee: Concerto Développement**

Terms of office expired in 2011

Chairman: Promaffine**

Legal Manager: ATIT**, Transaffine**, Affinvestor**

Permanent Representative of Affine, Legal Manager: Capucines III**, Capucines IV**, Capucines V**, Capucines VI**

Permanent Representative of Affine, Liquidator: Lumière**

Offices held at December 31 in previous years

2010	2009	2008	2007
Chairman and Chief Executive Officer of AFFINE SA **Chairman:** Promaffine, MAB-Finances **Member of the Supervisory Board of BPCE (independent member)** **Director:** Air France KLM, Affiparis, Holdaffine **Member of the Executive Committee:** Concerto Développement **Legal Manager:** ATIT, Transaffine, Affinvestor **Permanent Representative of Affine, Chairman:** Banimmo, Affine Développement, Capucine Investissements, Les 7 collines, SIPEC **Permanent Representative of Affine, Legal Manager:** Capucines III, Capucines IV, Capucines V, Capucines VI, Nevers Colbert **Permanent Representative of Affine, Liquidator:** Lumière **Permanent Representative of Promaffine, Legal Manager:** Bourgtheroulde de l'Eglise, Luce Parc-Leclerc, Nanterre Terrasses 12, Paris 29 Copernic **Permanent Representative of MAB-Finances, Director:** Cour des Capucines **Permanent Representative of ATIT, Liquidator:** 2/4 Haussmann	**Chairman and Chief Executive Officer of AFFINE SA** **Chairman:** Promaffine, MAB-Finances **Director:** Affiparis, Holdaffine **Member of the Executive Committee:** Concerto Développement, Business Facility International **Legal Manager:** ATIT, Transaffine, Affinvestor **Permanent Representative of Affine, Chairman:** Banimmo, Affine Développement, Capucine Investissements, Les 7 collines, SIPEC **Permanent Representative of Affine, Legal Manager:** Capucines III, Capucines IV, Capucines V, Capucines VI, Nevers Colbert **Permanent Representative of Affine, Liquidator:** Lumière **Permanent Representative of Promaffine, Legal Manager:** Bourgtheroulde de l'Eglise, Luce Parc-Leclerc, Nanterre Terrasses 12, Paris 29 Copernic **Permanent Representative of MAB-Finances, Director:** Cour des Capucines, European Asset Value Fund **Permanent Representative of ATIT, Liquidator:** 2/4 Haussmann	**Chairman and Chief Executive Officer of AFFINE SA** **Chairman:** MAB-Finances **Director:** Affiparis, Holdaffine **Member of the Executive Committee:** Concerto Développement, Business Facility International, Promaffine **Legal Manager:** ATIT, Transaffine, Affinvestor **Permanent Representative of Affine, Chairman:** Banimmo, Affine Développement, Capucine Investissements, SIPEC, Wegalaan **Permanent Representative of Affine, Legal Manager:** Capucines III, Capucines IV, Capucines V, Capucines VI, Nevers Colbert, Arca Villa d'été (until December 10, 2008) **Permanent Representative of Affine, Liquidator:** Lumière **Permanent Representative of MAB-Finances, Director:** Cour des Capucines, European Asset Value Fund	**Chairman and Chief Executive Officer of AFFINE SA** **Chairman:** MAB-Finances **Director:** Holdaffine **Member of the Executive Committee:** Concerto Développement, Promaffine, Affine Building Construction & Design **Legal Manager:** ATIT, Transaffine, Affinvestor **Permanent Representative of Affine, Chairman:** Banimmo, Affine Développement, Capucine Investissements, SIPEC **Permanent Representative of Affine, Legal Manager:** Capucines I, Capucines II, Capucines III **Permanent Representative of Affine, Liquidator:** Lumière **Permanent Representative of MAB-Finances, Director:** Affiparis, Cour des Capucines, European Asset Value Fund

* *Listed company*

** *Company outside of the Group*

LAURENCE DANON
Born January 6, 1956

Offices held at December 31, 2011

Member of the BPCE Supervisory Board – Independent member

Chairman of the Management Board of Edmond de Rothschild Corporate Finance**

Director: TF1*/**, Diageo**

Terms of office expired in 2011

Director: Rhodia*/**

Offices held at December 31 in previous years

2010	2009	2008	2007
Member of the BPCE Supervisory Board – (independent member) **Chairman of the Management Board of Edmond de Rothschild Corporate Finance** **Director:** TF1, Rhodia, Diageo	**Member of the BPCE Supervisory Board – (independent member)** **Chairman of the Management Board of Edmond de Rothschild Corporate Finance** **Director:** Plastic Omnium, Rhodia, Diageo, Experian Plc	**Member of the Management Board of** Edmond de Rothschild Corporate Finance **Director:** Plastic Omnium, Rhodia, Diageo, Experian Plc	**Member of the Management Board of** Edmond de Rothschild Corporate Finance **Director:** Plastic Omnium, Diageo, Experian Plc

MARWAN LAHOUD
Born March 6, 1966

Offices held at December 31, 2011

Member of the BPCE Supervisory Board – Independent member

Member of the Executive committee of EADS*/** – Director of Strategy and Marketing

Director: Technip*/** (independent member), Eurotradia**

Terms of office expired in 2011

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Offices held at December 31 in previous years

2010	2009	2008	2007
Member of the BPCE Supervisory Board – (independent member) **Member of the Executive Committee:** EADS – Director of Strategy and Marketing **Director:** Technip (independent member), Eurotradia	**Member of the BPCE Supervisory Board – (independent member)** **Member of the Executive Committee:** EADS – Director of Strategy and Marketing **Director:** Technip (independent member)	**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

* *Listed company*

** *Company outside of the Group*

MARIE-CHRISTINE LOMBARD
Born December 6, 1958

Offices held at December 31, 2011

Member of the BPCE Supervisory Board – Independent member

Chairman and Chief Executive Officer: TNT Express N.V**

Member of the Management Board: TNT Group Amsterdam*/**

Terms of office expired in 2011

Member of the Supervisory Board: Metro A.G */** (term expired on March 28, 2011)

Offices held at December 31 in previous years

2010	2009	2008	2007
Member of the BPCE Supervisory Board – (independent member) **Chairman and Chief Executive Officer of the TNT Express division** **Member of the Management Board:** TNT Group Amsterdam **Member of the Supervisory Board:** Metro A.G	**Chairman and Chief Executive Officer of the TNT Express division** **Member of the Supervisory Board:** Metro A.G	**Chairman and Chief Executive Officer of the TNT Express division** **Member of the Supervisory Board:** Metro A.G, Royal Wessanen N.V	**Chairman and Chief Executive Officer of the TNT Express division** **Member of the Supervisory Board:** Royal Wessanen N.V

Non-voting directors

GILS BERROUS (beginning May 19, 2011)
Born May 28, 1955

Offices held at December 31, 2011

Non-Voting Director on the BPCE Supervisory Board

Chief Executive Officer of Banque Populaire du Nord

Director: Natixis Global Asset Management

Permanent Representative of BP Nord, Director: i-bp, Socama Nord, Association des BP pour la Création d'Entreprises

Terms of office expired in 2011

Director: Compagnie Européenne de Garanties et Cautions (CEGC)

Offices held at December 31 in previous years

2010	2009	2008	2007
Chief Executive Officer of Banque Populaire du Nord **Director:** Natixis Global Asset Management, Compagnie Européenne de Garanties et Cautions (CEGC), Association des BP pour la Création d'Entreprises **Permanent Representative of BP Nord, Director:** i-bp, Socama Nord	**Chief Executive Officer of Banque Populaire du Nord** **Non-voting director:** BP Participations **Director:** Association des BP pour la Création d'Entreprises **Permanent Representative of BP Nord, Director:** i-bp, Socama Nord	**Chief Executive Officer of Banque Populaire du Nord** **Permanent Representative of BP Nord, Director:** i-bp, Socama Nord	**Chief Executive Officer of Banque Populaire du Nord** **Permanent Representative of BP Nord, Director:** i-bp, Socama Nord

* *Listed company*

** *Company outside of the Group*

PIERRE CARLI

Born August 21, 1955

Offices held at December 31, 2011

Non-Voting Director on the BPCE Supervisory Board

Chairman of the Management Board of Caisse d'Epargne Midi-Pyrénées (CEMP)

Chairman of the Supervisory Board: Capital Finance Tofinso, Midi 2I**, Sotel**

Chairman of the Board of Directors: Midi Foncière, GIE Ecureuil Multicanal, IDEI Association**

Chairman: Midi Epargne, Sorepar

Vice-Chairman of the Board of Directors: IRDI**

Vice-Chairman of the Supervisory Board: Promologis

Director: Coface, FNCE, Midi Capital, BPCE Achats, Groupe Promo Midi**, Groupe Ecole Supérieure de Commerce Toulouse**, CE Holding Promotion

Member of the Supervisory Board: Ecureuil Service SAS

Permanent Representative of CEMP: CE Syndication Risque, GCE Business Services, Tofinso Investissement, Association Promo Accueil**

Non-voting director: SEM Tourisme**, SEMECCEL**, SMAT**

Permanent Representative of Midi Foncière: Saint Exupéry Montaudran**

Terms of office expired in 2011

Chairman and Chief Executive Officer: Promo Gestion (term expired on December 20, 2011)

Member of the Supervisory Board: GCE Car Lease (term expired on April 1, 2011)

Offices held at December 31 in previous years

2010	2009	2008	2007
Non-Voting Director on the BPCE Supervisory Board **Chairman of the Management Board of Caisse d'Epargne Midi-Pyrénées** **Chairman and Chief Executive Officer:** Promo Gestion **Chairman of the Supervisory Board:** Capital Finance Tofinso, Ecureuil Service, Midi 2I, Sotel **Chairman of the Board of Directors:** Midi Foncière **Chairman:** Midi Epargne, Sorepar **Vice-Chairman of the Board of Directors:** IRDI **Vice-Chairman of the Supervisory Board:** Promologis **Director:** Coface, FNCE, Midi Capital, BPCE Achats, CE Holding Promotion, Groupe Promo Midi, Groupe Ecole Supérieure de Commerce Toulouse **Member of the Supervisory Board:** Banque Privée 1818, GCE Car Lease **Permanent Representative of CEMP:** CE Syndication Risque, GCE Business Services, Tofinso Investissement, Ecureuil Lease, Association Promo Accueil **Non-voting director:** SEM Tourisme, SEMECCEL, SMAT **Permanent Representative of Midi Foncière:** Saint Exupéry Montaudran	**Non-Voting Director on the BPCE Supervisory Board** **Chairman of the Management Board of Caisse d'Epargne Midi-Pyrénées** **Chairman and Chief Executive Officer:** Promo Gestion **Chairman of the Supervisory Board:** Capital Finance Tofinso, Ecureuil Service, Midi 2I, Sotel **Chairman of the Board of Directors:** Midi Foncière **Chairman:** Midi Epargne, Sorepar **Vice-Chairman of the Board of Directors:** IRDI **Vice-Chairman of the Supervisory Board:** Promologis **Director:** Coface, FNCE, Compagnie Européenne de Garanties et Cautions, Midi Capital, Groupe Promo Midi, Groupe Ecole Supérieure de Commerce Toulouse, Ecureuil Lease **Member of the Supervisory Board:** Banque Privée 1818, Ecureuil Négoce, GCE Car Lease **Permanent Representative of CEMP:** CE Syndication Risque, GCE Business Services, Tofinso Investissement, Ecureuil Lease, Association Promo Accueil **Non-voting director:** SEM Tourisme, SEMECCEL, SMAT **Permanent Representative of Midi Foncière:** Saint Exupéry Montaudran	**Chairman of the Management Board of Caisse d'Epargne Midi-Pyrénées** **Chairman and Chief Executive Officer:** Promo Gestion **Chairman of the Supervisory Board:** Capital Finance Tofinso, Ecureuil Service, Midi 2I, Sotel **Chairman of the Board of Directors:** Midi Foncière **Chairman:** Midi Epargne, Sorepar **Vice-Chairman of the Board of Directors:** IRDI **Vice-Chairman of the Supervisory Board:** Promologis **Director:** Coface, FNCE, Midi Capital, Groupe Promo Midi, Groupe École Supérieure de Commerce Toulouse **Member of the Supervisory Board:** La Compagnie 1818, Ecureuil Négoce, GCE Car Lease **Permanent Representative of CEMP:** CE Garanties Entreprises, GCE Business Services, Tofinso Investissement, Ecureuil Lease, Association Promo Accueil **Non-voting director:** SEM Tourisme, SEMECCEL, SMAT **Permanent Representative of Midi Foncière:** Saint Exupéry Montaudran	**Chairman of the Management Board of Caisse d'Epargne Midi-Pyrénées** **Chairman and Chief Executive Officer:** Promo Gestion **Chairman of the Supervisory Board:** Capital Finance Tofinso, Ecureuil Service, Midi 2I, Sotel **Chairman of the Board of Directors:** Midi Foncière **Chairman:** Midi Epargne, Sorepar **Vice-Chairman of the Board of Directors:** IRDI **Vice-Chairman of the Supervisory Board:** Promologis **Director:** FNCE, Midi Capital, Groupe École Supérieure de Commerce Toulouse, SACCEF **Member of the Supervisory Board:** La Compagnie 1818, Ecureuil Négoce, GCE Car Lease **Permanent Representative of CEMP:** CE Garanties Entreprises, GCE Business Services, Tofinso Investissement, Ecureuil Lease, Association Promo Accueil **Non-voting director:** SEM Tourisme, SEMECCEL, SMAT **Permanent Representative of Midi Foncière:** Saint Exupéry Montaudran

** *Company outside of the Group*

ALAIN CONDAMINAS
Born April 6, 1957

Offices held at December 31, 2011

Non-Voting Director on the BPCE Supervisory Board
Chief Executive Officer of Banque Populaire Occitane
Director: Natixis Asset Management, Natixis Interépargne
Permanent Representative of Banque Populaire Occitane, Vice-Chairman of the Board of Directors: CELAD SA**
Permanent Representative of Banque Populaire Occitane, Director: i-bp, IRDI**
Permanent Representative of Banque Populaire Occitane, Member of the Supervisory Board: SOTEL**, ABP IARD**

Terms of office expired in 2011

Chairman: GIE Carso Matériel

Offices held at December 31 in previous years

2010	2009	2008	2007
Non-Voting Director on the BPCE Supervisory Board **Chief Executive Officer of Banque Populaire Occitane** **Chairman:** GIE Carso Matériel **Director:** Natixis Asset Management, Natixis Interépargne **Permanent Representative of BP Occitane, Vice-Chairman of the Board of Directors:** CELAD SA **Permanent Representative of BP Occitane, Director:** i-bp, IRDI **Permanent Representative of BP Occitane, Member of the Supervisory Board:** SOTEL, ABP IARD	**Non-Voting Director on the BPCE Supervisory Board** **Chief Executive Officer of Banque Populaire Occitane** **Chairman:** GIE Carso Matériel **Director:** Natixis Asset Management, Natixis Securities, Société Marseillaise de Crédit (SMC) **Permanent Representative of BP Occitane, Vice-Chairman of the Board of Directors:** CELAD SA **Permanent Representative of BP Occitane, Director:** i-bp, IRDI **Permanent Representative of BP Occitane, Member of the Supervisory Board:** SOTEL, ABP IARD, Latecoere **Legal Manager:** SNC Immocarso	**Chief Executive Officer of Banque Populaire Occitane** **Chairman:** GIE Carso Matériel **Director:** Natixis Asset Management, Natixis Securities, Société Marseillaise de Crédit (SMC), Socama 31 **Permanent Representative of BP Occitane, Vice-Chairman of the Board of Directors:** CELAD SA **Permanent Representative of BP Occitane, Director:** i-bp, IRDI **Permanent Representative of BP Occitane, Member of the Supervisory Board:** SOTEL, ABP IARD, Latecoere **Legal Manager:** SNC Immocarso	**Director:** Natixis Asset Management, Natixis Securities, Socama 31 **Permanent Representative of BP Occitane, Director:** CELAD SA, i-bp, IRDI **Permanent Representative of BP Occitane, Member of the Supervisory Board:** SOTEL, ABP IARD, Latecoere, Novacrédit, La Maison du Commerçant

** *Company outside of the Group*

ALAIN DENIZOT (beginning May 19, 2011)
Born October 1, 1960

Offices held at December 31, 2011

Non-Voting Director on the BPCE Supervisory Board
Chairman of the Management Board of Caisse d'Epargne Nord France Europe (CENFE)
Chairman of the Board of Directors: Batixia
Chairman of the Supervisory Board: Immobilière Nord France Europe
Chairman: Lyderic Invest*/**
Member of the Supervisory Board: Ecureuil Crédit, GCE Business Services
Director: Natixis Factor, FNCE, CE Holding Promotion
Permanent Representative of CENFE, Chairman: CENFE Communication, Savoirs pour Réussir en Nord Pas de Calais, Finorpa SCR, Finorpa Financement
Permanent Representative of CENFE, Director: Hainaut Immobilier
Permanent Representative of CE Holding Promotion, Director: Habitat en Région Services
Liquidator: Université du Groupe Caisse d'Epargne

Terms of office expired in 2011

Chairman of the Management Board of Caisse d'Epargne de Picardie (until March 31, 2011)
Chairman: Triton (formerly GCE SRD 007)
Member of the Supervisory Board: Foncia group
Director: Compagnie de Financement Foncier
Chairman and Member of the Executive Committee: Cepicinvestissement**, Nsavade**

Offices held at December 31 in previous years

2010	2009	2008	2007
Chairman of the Management Board of Caisse d'Epargne de Picardie **Chairman:** GCE SRD 007 **Member of the Supervisory Board:** Ecureuil Crédit, GCE Business Services, Foncia group **Director:** Natixis Factor, Compagnie de Financement Foncier, CE Participations (until August 5, 2010), FNCE, Université du Groupe Caisse d'Epargne, CE Holding Promotion **Chairman and Member of the Executive Committee:** Cepicinvestissement, Nsavade **Liquidator:** Université du Groupe Caisse d'Epargne	**Chairman of the Management Board of Caisse d'Epargne de Picardie** **Member of the Supervisory Board:** Ecureuil Crédit, CNCE (from May 28, 2009 to July 31, 2009) **Director:** Compagnie de Financement Foncier, CE Participations, FNCE, Université du Groupe Caisse d'Epargne **Permanent Representative of Caisse d'Epargne de Picardie, Member of the Supervisory Board:** GCE Business Services **Chairman and Member of the Executive Committee:** Cepicinvestissement, Nsavade	**Chairman of the Management Board of Caisse d'Epargne de Picardie** **Member of the Supervisory Board:** Ecureuil Crédit **Director:** Compagnie de Financement Foncier, FNCE, Université du Groupe Caisse d'Epargne **Permanent Representative of Caisse d'Epargne de Picardie, Member of the Supervisory Board:** GCE Business Services	**Chief Executive Officer: Ecureuil Assurances** **Director:** Surassur, Université du Groupe Caisse d'Epargne

* *Listed company*
** *Company outside of the Group*

LAURENT MIGNON
Born December 28, 1963

Offices held at December 31, 2011

Permanent Representative of Natixis, Non-Voting Member of the BPCE Supervisory Board

Natixis Chief Executive Officer*

Chairman of the Board of Directors: Natixis Global Asset Management

Chairman: SAS Coface Holding

Director: Sequana**, Arkema**, Lazard Ltd**

Permanent Representative of Natixis, Director: Coface

Terms of office expired in 2011

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Offices held at December 31 in previous years

2010	2009	2008	2007
Permanent Representative of Natixis, Non-Voting Member of the BPCE Supervisory Board **Natixis Chief Executive Officer** **Chairman of the Board of Directors:** Natixis Global Asset Management **Chairman:** SAS Coface Holding **Director:** Sequana, Arkema, Lazard Ltd **Permanent Representative of Natixis, Director:** Coface	**Permanent Representative of Natixis, Non-Voting Member of the BPCE Supervisory Board** **Natixis Chief Executive Officer** **Director:** Natixis Global Asset Management, Sequana, Arkema, Coface, Lazard Ltd	**Chairman and Chief Executive Officer:** Oddo Asset Management **Chairman of the Supervisory Board:** Oddo Corporate Finance **Member of the Supervisory Board:** Banque Postale Gestion Privée **Managing Partner:** Oddo et Cie **Permanent Representative of Oddo et Cie, Managing Partner:** Oddo Corporate Finance	**Chairman and Chief Executive Officer:** Oddo Asset Management **Chief Executive Officer:** Groupe AGF **Chairman of the Executive Committee:** AGF France **Deputy Chief Executive Officer:** AGF SA, AGF Holding **Chairman of the Supervisory Board:** Oddo Corporate Finance, AGF Informatique, AVIP **Chairman of the Board of Directors:** Coparc, Génération Vie **Vice-Chairman of the Supervisory Board:** Euler Hermès **Member of the Supervisory Board:** Oddo & Cie SCA **Managing Partner:** Oddo et Cie **Director:** W Finance, AGF Holding, GIE Placements d'Assurance, AGF Asset Management **Permanent Representative of Oddo et Cie, Managing Partner:** Oddo Corporate Finance

* *Listed company*

** *Company outside of the Group*

RAYMOND OLIGER
Born September 3, 1945

Offices held at December 31, 2011

Non-Voting Director on the BPCE Supervisory Board
Chairman of the Board of Directors of Banque Populaire Lorraine Champagne
Chairman of the Board of Directors of FNBP (Fédération Nationale des Banques Populaires)
Member of the Supervisory Board: Banque Palatine
Director: Natixis Asset Management, Natixis Financement, Natixis Consumer Finance

Terms of office expired in 2011

-

Offices held at December 31 in previous years

2010	2009	2008	2007
Non-Voting Director on the BPCE Supervisory Board **Chairman of the Board of Directors of Banque Populaire Lorraine Champagne** **Chairman of the Board of Directors: Fédération Nationale des Banques Populaires** **Member of the Supervisory Board:** Banque Palatine **Director:** Natixis Asset Management, Natixis Financement, Natixis Consumer Finance	**Chairman of the Board of Directors of Banque Populaire Lorraine Champagne** **Chairman:** Fructifrance Immobilier **Director:** Natixis Asset Management, Natixis Financement, Natixis Consumer Finance, FNBP	**Chairman of the Board of Directors of Banque Populaire Lorraine Champagne** **Chairman:** Fructifrance Immobilier **Director:** Natixis Asset Management, Natixis Financement, Natixis Consumer Finance	**Chairman of the Board of Directors of Banque Populaire Lorraine Champagne** **Chairman:** Fructifrance Immobilier **Director:** Natixis Asset Management, Natixis Financement, Natixis Consumer Finance

MICHEL SORBIER (beginning May 19, 2011)
Born June 21, 1942

Offices held at December 31, 2011

Non-Voting Director on the BPCE Supervisory Board
Chairman of the Steering and Supervisory Board of Caisse d'Epargne d'Auvergne et du Limousin
Chairman of the Board of Directors: SLE Limoges Ville
Chairman: Fédération Nationale des Caisses d'Epargne
Director: CE Holding Promotion
Non-voting director: Crédit Foncier de France
Legal Manager: SCI de la Rampe**

Terms of office expired in 2011

Director: GCE Courtage

Offices held at December 31 in previous years

2010	2009	2008	2007
Non-Voting Director on the BPCE Supervisory Board **Chairman of the Steering and Supervisory Board of Caisse d'Epargne d'Auvergne et du Limousin** **Chairman of the Board of Directors:** SLE Limoges Ville **Chairman:** Fédération Nationale des Caisses d'Epargne **Director:** GCE Courtage, CE Holding Promotion **Non-voting director:** Crédit Foncier de France **Legal Manager:** SCI de la Rampe	**Non-Voting Director on the BPCE Supervisory Board** **Chairman of the Steering and Supervisory Board of Caisse d'Epargne d'Auvergne et du Limousin** **Chairman of the Board of Directors:** SLE Limoges Ville **Chairman:** Fédération Nationale des Caisses d'Epargne **Director:** Crédit Foncier de France, GCE Courtage **Legal Manager:** SCI de la Rampe	**Member of the Supervisory Board of CNCE** **Chairman of the Steering and Supervisory Board of Caisse d'Epargne d'Auvergne et du Limousin** **Chairman of the Board of Directors:** SLE Limoges Ville **Director:** Crédit Foncier de France, Fédération Nationale des Caisses d'Epargne **Legal Manager:** SCI de la Rampe	**Member of the Supervisory Board of CNCE** **Chairman of the Steering and Supervisory Board of Caisse d'Epargne d'Auvergne et du Limousin** **Chairman of the Board of Directors:** SLE Limoges Ville **Director:** Crédit Foncier de France, GCE Courtage, Fédération Nationale des Caisses d'Epargne, Ecureuil IARD - UEA **Legal Manager:** SCI de la Rampe

** *Company outside of the Group*

CHRISTIAN DU PAYRAT (until May 19, 2011)
Born April 5, 1956

Offices held until May 19, 2011

Non-Voting Director on the BPCE Supervisory Board

Chief Executive Officer of Banque Populaire Provençale et Corse

Chief Executive Office of Banque Chaix

Director: Natixis Global Asset Management, Natixis Paiements, BPCE Achats, Association des BP pour la Coopération et le Développement, Association des BP pour la Création d'Entreprise

Permanent Representative of BP Provençale et Corse, Director: i-bp, Banque Chaix

Offices held at December 31 in previous years

2010	2009	2008	2007
Non-Voting Director on the BPCE Supervisory Board **Chief Executive Officer of Banque Populaire Provençale et Corse** **Director:** Natixis Global Asset Management, Natixis Paiements, BPCE Achats, Association des BP pour la Coopération et le Développement, Association des BP pour la Création d'Entreprise **Permanent Representative of BP Provençale et Corse, Director:** Banque Chaix, i-bp	**Non-Voting Director on the BPCE Supervisory Board** **Chief Executive Officer of Banque Populaire du Massif Central** **Chairman of the Board of Directors:** Natixis Paiements **Director:** BP Participations, CCSO, Natixis LLD, Association des BP pour la Coopération et le Développement, Association des BP pour la Création d'Entreprise **Permanent Representative of BP du Massif Central, Director:** Natixis Lease, Natixis Global Asset Management, BICEC, i-bp	**Chief Executive Officer of Banque Populaire du Massif Central** **Chairman of the Board of Directors:** Natixis Paiements **Director:** Banque Fédérale des Banques Populaires (BFBP), CCSO, Natixis LLD, Association des BP pour la Coopération et le Développement, Association des BP pour la Création d'Entreprise **Permanent Representative of BP du Massif Central, Director:** Natixis Lease, Natixis Global Asset Management, BICEC, i-bp	**Chief Executive Officer of Banque Populaire du Massif Central** **Director:** Banque Fédérale des Banques Populaires (BFBP), Natixis LLD, Association des BP pour la Coopération et le Développement, Association des BP pour la Création d'Entreprise **Permanent Representative of BP du Massif Central, Director:** Natixis Lease, Natixis Global Asset Management, BICEC, i-bp

JEAN MERELLE (until April 30, 2011)
Born October 31, 1947

Offices held until April 30, 2011

Non-Voting Director on the BPCE Supervisory Board
Chairman of the Management Board of Caisse d'Epargne Nord France Europe (CENFE)
Chairman of the Supervisory Board: Immobilière Nord France Europe
Chairman of the Board of Directors: Batixia
Director: Banque Privée 1818 (until March 31, 2011), CE Holding Promotion, Habitat en Région, FNCE
Permanent Representative of CENFE, Chairman of the Board of Directors: CENFE Communication, Savoir pour Réussir en Nord Pas de Calais
Permanent Representative of CENFE, Director: Hainaut Immobilier, Finorpa SCR, Finorpa Financement
Permanent Representative of CE Holding Promotion, Member of the Supervisory Board: GCE Habitat
Permanent Representative of CENFE Communication, Director: STM

Offices held at December 31 in previous years

2010	2009	2008	2007
Non-Voting Director on the BPCE Supervisory Board **Chairman of the Management Board of Caisse d'Epargne Nord France Europe** **Chairman of the Supervisory Board:** Immobilière Nord France Europe **Chairman of the Board of Directors:** Batixia **Director:** Banque Privée 1818, CE Holding Promotion, Habitat en Région, FNCE **Permanent Representative of CENFE, Chairman of the Board of Directors:** CENFE Communication, Savoir pour Réussir en Nord Pas de Calais **Permanent Representative of CENFE, Director:** Hainaut Immobilier, Finorpa SCR, Finorpa Financement **Permanent Representative of CE Holding Promotion, Member of the Supervisory Board:** GCE Habitat **Permanent Representative of CENFE Communication, Director:** STM	**Non-Voting Director on the BPCE Supervisory Board** **Chairman of the Management Board of Caisse d'Epargne Nord France Europe** **Chairman of the Board of Directors:** Batixia **Director:** Crédit Foncier de France, Natixis Financement, Natixis Consumer Finance **Permanent Representative of CENFE, Chairman of the Board of Directors:** CENFE Communication, Savoir pour Réussir en Nord Pas de Calais **Permanent Representative of CENFE, Director:** Hainaut Immobilier, Finorpa SCR, Finorpa Financement, Racing Club de Lens **Permanent Representative of CENFE Communication, Director:** STM	**Chairman of the Management Board of Caisse d'Epargne Nord France Europe** **Chairman of the Board of Directors:** Batixia **Vice-Chairman of the Supervisory Board:** La Compagnie 1818 – Banquiers Privés **Director:** Crédit Foncier de France, Natixis Financement, Natixis Consumer Finance **Permanent Representative of CENFE, Chairman of the Board of Directors:** CENFE Communication, Savoir pour Réussir en Nord Pas de Calais **Permanent Representative of CENFE, Director:** Hainaut Immobilier, Finorpa SCR, Finorpa Financement, Racing Club de Lens **Permanent Representative of CENFE Communication, Director:** STM	**Chairman of the Management Board of Caisse d'Epargne Nord France Europe** **Chairman of the Board of Directors:** Batixia, GCE Bail **Vice-Chairman of the Supervisory Board:** La Compagnie 1818 – Banquiers Privés **Director:** Natixis Financement, Ecrinvest II **Permanent Representative of CENFE, Chairman of the Board of Directors:** Savoir pour Réussir en Nord Pas de Calais **Permanent Representative of CENFE, Director:** Hainaut Immobilier, Finorpa SCR, Finorpa Financement, Racing Club de Lens, SAEM Euralille, SLE Habitat, GIRCE Stratégie, MURACEF **Permanent Representative of CENFE, Member of the Supervisory Board:** GIRCE Ingenierie

Management Board

FRANÇOIS PÉROL
Born November 6, 1963

Offices held at December 31, 2011

Chairman of the BPCE Management Board

Chairman of the Board of Directors: Natixis*, BPCE International et Outre-mer (BPCE IOM), Crédit Foncier de France

Chairman: CE Holding Promotion

Vice-Chairman of the Board of Directors: Crédit Immobilier et Hôtelier (CIH)

Director: CNP Assurances*, Sopassure, Natixis*, BPCE International et Outre-mer (BPCE IOM), Crédit Foncier de France, Crédit Immobilier et Hôtelier (CIH), Musée d'Orsay**

Permanent Representative of BPCE, Legal Manager: SNC Bankeo, SCI Ponant plus

Terms of office expired in 2011

Chairman of the Supervisory Board: Foncia group

Chairman of the Board of Directors: Fondation des Caisses d'Epargne pour la Solidarité

Chairman of the Board: Fédération Bancaire Française**

Offices held at December 31 in previous years

2010	2009	2008	2007
Chairman of the BPCE Management Board **Chairman of the Board of Directors:** Natixis, BPCE IOM, Crédit Foncier de France, Fondation des Caisses d'Epargne pour la Solidarité **Chairman of the Supervisory Board:** Foncia group **Chairman:** CE Holding Promotion **Chairman of the Board:** Fédération Bancaire Française **Vice-Chairman of the Board of Directors:** Crédit Immobilier et Hôtelier (CIH) **Director:** CNP Assurances, Sopassure, CE Holding Promotion, Crédit Immobilier et Hôtelier (CIH), Musée d'Orsay	**Chairman of the BPCE Management Board** **Chairman of the CNCE Management Board** (term expired on July 31, 2009) **Chairman of the Board of Directors:** Natixis, Financière Océor, Crédit Foncier de France **Chairman of the Supervisory Board:** Foncia group **Vice-Chairman of the Executive Committee:** Fédération Bancaire Française **Chief Executive Officer:** BFBP (term expired on July 31, 2009), Banques Populaires Participations, Caisses d'Epargne Participations **Director:** Banques Populaires Participations, Caisses d'Epargne Participations, CNP Assurances, Sopassure, Crédit Immobilier et Hotelier (CIH)	**Deputy Secretary General – Office of the French President**	**Deputy Secretary General – Office of the French President**

* *Listed company*

** *Company outside of the Group*

OLIVIER KLEIN
Born June 15, 1957

Offices held at December 31, 2011

Member of the BPCE Management Board, Chief Executive Officer – Commercial Banking and Insurance

Chairman of the Supervisory Board: SOCFIM, Banque Palatine (beginning September 2011)

Director: Natixis*, Crédit Foncier de France, BPCE International et Outre-mer, Banque Privée 1818, CNP Assurances*, Sopassure, Nexity*, i-bp, Neptune Technologies**, ENS Lyon**

Member of the Supervisory Board: Banque Palatine, GCE Capital

Permanent Representative of BPCE, Member of the Supervisory Board: Ecureuil Vie Développement

Terms of office expired in 2011

Permanent Representative of BPCE, Member of the Supervisory Board: GCE Business Services (term expired on March 1, 2011)

Offices held at December 31 in previous years

2010	2009	2008	2007
Member of the BPCE Management Board, Chief Executive Officer – Commercial Banking and Insurance **Chairman of the Supervisory Board:** SOCFIM **Director:** Natixis, Crédit Foncier de France, BPCE International et Outre-mer, Banque Privée 1818, CNP Assurances, Sopassure, i-bp, Neptune Technologies, ENS Lyon **Member of the Supervisory Board:** Banque Palatine, GCE Capital **Permanent Representative of BPCE, Member of the Supervisory Board:** GCE Business Services, Ecureuil Vie développement	**Chairman of the Management Board of Caisse d'Epargne Rhône-Alpes** **Chairman of the Supervisory Board:** Rhône-Alpes PME Gestion **Director:** Natixis, Coface, Natixis Consumer Finance, Natixis Global Asset Management, Natixis Financement, Neptune Technologies **Permanent Representative of BPCE:** GCE Business Services, Ecureuil Vie développement **Permanent Representative of CE Participations:** Member of the Supervisory Board of Compagnie des Alpes **Permanent Representative of CE Rhône Alpes:** Member of the Supervisory Board of Société des Trois Vallées, GCE Business Services	**Chairman of the Management Board of Caisse d'Epargne Rhône-Alpes** **Chairman of the Supervisory Board:** Rhône-Alpes PME Gestion **Director:** Coface, Natixis Consumer Finance, Natixis Global Asset Management, Natixis Financement, Neptune Technologies **Member of the Supervisory Board:** Natixis, La Compagnie 1818-Banquiers Privés **Permanent Representative of CNCE:** Member of the Supervisory Board of Compagnie des Alpes **Permanent Representative of CE Rhône Alpes:** Director of FNCE, Member of the Supervisory Board of Société des Trois Vallées, GCE Business Services, Legal Manager of Terrae	**Chairman of the Management Board of Caisse d'Epargne Rhône-Alpes Lyon** **Member of the Supervisory Board:** Ecureuil Gestion, Ecureuil Gestion FCP **Permanent Representative of CE Rhône Alpes Lyon:** Director of SALT, Member of the Arpège Supervisory Board

* *Listed company*

** *Company outside of the Group*

NICOLAS DUHAMEL
Born August 13, 1953

Offices held at December 31, 2011

Member of the BPCE Management Board – Chief Financial Officer
Deputy Chief Executive Officer: CE Holding Promotion
Director: BPCE International et Outre Mer
Member of the Supervisory Board: Fonds de Garantie des Dépôts**
Permanent Representative of BPCE, Director: Natixis*, Crédit Foncier de France, CE Holding Promotion

Terms of office expired in 2011

-

Offices held at December 31 in previous years

2010	2009	2008	2007
Member of the BPCE Management Board – Chief Financial Officer **Director and Chairman of the Audit Committee:** BPCE International et Outre Mer **Member of the Supervisory Board:** Fonds de Garantie des Dépôts **Deputy Chief Executive Officer:** CE Holding Promotion **Permanent Representative of BPCE, Director:** Natixis, Crédit Foncier de France (and Chairman of the Audit Committee), CE Holding Promotion	**Member of the BPCE Management Board - Chief Financial Officer** **Deputy Chief Executive Officer:** Caisses d'Epargne Participations, Banques Populaires Participations **Director:** Financière Océor **Permanent Representative of BPCE, Director:** Natixis **Permanent Representative of CE Participations, Director:** Crédit Foncier de France	**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

PHILIPPE QUEUILLE
Born November 2, 1956

Offices held at December 31, 2011

Member of the BPCE Management Board, Chief Executive Officer - Operations and oversight for the restructuring of the central institution
Chairman of the Board of Directors: i-bp, Albiant-IT
Director: Natixis*, BPCE Achats, Partecis
Permanent Representative of BPCE, Chairman of the Supervisory Board: IT-CE (formerly GCE Technologies)
Permanent Representative of BPCE, Director: Natixis Paiements

Terms of office expired in 2011

Director: Informatique CDC
Permanent Representative of BPCE, Chairman of the Supervisory Board: GCE Business Services (absorbed by IT-CE, formerly GCE Technologies)

Offices held at December 31 in previous years

2010	2009	2008	2007
Member of the BPCE Management Board, **Chief Executive Officer - Operations and Oversight for the Restructuring of the central institution** **Chairman of the Board of Directors:** i-bp, Albiréo **Director:** Natixis, BPCE Achats, Partecis, ICDC **Permanent Representative of BPCE, Chairman of the Supervisory Board:** GCE Technologies, GCE Business Services **Permanent Representative of BPCE, Director:** Natixis Paiements	**Deputy Chief Executive Officer:** BFBP (term expired on July 31, 2009) **Chairman and Chief Executive Officer:** i-bp, Albiréo **Chairman of the Supervisory Board:** BP Covered Bonds, GCE Achats **Chairman of the Board of Directors:** GCE Paiements	**Deputy Chief Executive Officer:** BFBP **Chairman and Chief Executive Officer:** i-bp **Director:** CCSO	**Chairman and Chief Executive Officer:** i-bp

* Listed company
** Company outside of the Group

ANNE MERCIER-GALLAY (beginning September 19, 2011)
Born October 8, 1961

Offices held at December 31, 2011

Member of the BPCE Management Board – Chief Human Resources Officer
Permanent Representative of BPCE, Director: Natixis Interépargne

Terms of office expired in 2011

Chairman: Centre de Formation Cézanne** (Groupe Monoprix)

Offices held at December 31 in previous years

2010	2009	2008	2007
Chairman, Centre de Formation Cézanne (Groupe Monoprix)	**Chairman,** Centre de Formation Cézanne (Groupe Monoprix)		

JEAN-LUC VERGNE (until September 19, 2011)
Born October 23, 1948

Terms of office expired on September 19, 2011

Member of the BPCE Management Board – Chief Human Resources Officer
Chairman: AFPA** (Association pour la Formation Professionnelle des Adultes), ANACT** (Agence Nationale pour l'Amélioration des Conditions de Travail)
Director: Natixis Interépargne

Offices held at December 31 in previous years

2010	2009	2008	2007
Member of the BPCE Management Board – Chief Human Resources Officer **Chairman:** AFPA (Association pour la Formation Professionnelle des Adultes), ANACT (Agence Nationale pour l'Amélioration des Conditions de Travail) **Director:** Natixis Interépargne	**Member of the BPCE Management Board - Chief Human Resources Officer** **Chairman:** AFPA (Association pour la Formation Professionnelle des Adultes)	**Chairman and Chief Executive Officer:** Peugeot Citroën Automobiles **Chairman:** AFPA (Association pour la Formation Professionnelle des Adultes) **Director of Human Resources** for PSA Peugeot Citroën Group (and Member of the Executive Committee now known as the General Management Committee)	**Chairman and Chief Executive Officer:** Peugeot Citroën Automobiles **Director of Human Resources** for PSA Peugeot Citroën Group (and Member of the Executive Committee now known as the General Management Committee)

** *Company outside of the Group*

2.2.4 Remuneration and Benefits to BPCE Executive Directors and Officers

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

The figures shown below comply with the rules and guidelines for determining remuneration and benefits adopted by the BPCE Supervisory Board and detailed in Section 2.1.1, "Conditions governing the preparation and organization of the Supervisory Board's work" in the Chairman's Report on the Activities of the Supervisory Board and Internal Control and Risk Management Procedures for the 2011 fiscal year.

Summary of remuneration, stock options and shares granted to executive directors from January 1 to December 31, 2011 (Table 1)

		Total remuneration due in respect of the period (fixed and variable) (Table 2)	Total remuneration paid in respect of the period (fixed and variable) (Table 2)	Value of stock options allocated during the year (Table 4)	Valuation of performance shares granted during the year (Table 6)
	2010	€1,606,000.00	€ 550,000.00	0	0
François PÉROL	**2011**	**€1,089,336.00**	**€871,948,00**	**0**	**0**
	2010	€794,097.96	€611,097.96	0	0
Nicolas DUHAMEL	**2011**	**€769,114.00**	**€671,614.00**	**0**	**0**
Olivier KLEIN (beginning April 7, 2010)	2010	€692,947.03	€398,097.03	0	0
	2011	**€786,603.00**	**€692,362.42**	**0**	**0**
Philippe QUEUILLE (beginning April 7, 2010)	2010	€768,594.69	€624,594.69	0	0
	2011	**€759,000.00**	**€668,000.00**	**0**	**0**
Jean-Luc VERGNE (until September 19, 2011)	2010	€788,000.00	€620,000.00	0	0
	2011	**€546,796.77**	**€1,159,082.77**	**0**	**0**
Anne MERCIER-GALLAY (beginning September 19, 2011)	2010	N/A	N/A	N/A	N/A
	2011	**€216,922.24**	**€143,125.24**	**0**	**0**

Summary of the remuneration of BPCE directors (Table 2)

Amounts due in respect of 2010(1): all remuneration granted on a pro rata basis in respect of duties performed during the period, regardless of the date of payment.

Amounts paid in 2010(2): all remuneration actually paid (due in 2009 and paid in 2010 + due in 2010 and paid in 2010) in respect of duties performed during the period.

Amounts due in respect of 2011(1): all remuneration granted on a pro rata basis in respect of duties performed during the period, regardless of the date of payment.

Amounts paid in 2011(2): all remuneration actually paid (due in 2010 and paid in 2011 + due in 2011 and paid in 2011) in respect of duties performed during the period.

Remuneration summary: Mr François Pérol

	Fiscal year 2010		Fiscal year 2011	
Chairman of the Management Board	**Amount due (1)**	**Amount paid (2)**	**Amount due (1)**	**Amount paid (2)**
Base pay	-	-	-	-
Executive directorship	€550,000.00	€550,000.00	€550,000.00	€550,000.00
Variable pay	€1,056,000.00(a)	€0(b)	€534,188.00 (d)	€316,800.00(c)
Exceptional pay	-	€0	-	€0
Benefits in kind (company car, housing(e), and other benefits)	€0	€0	€5,148.00	€5,148.00
Attendance fees	€0	€0	€0	€0
Other remuneration	-	-	-	-
TOTAL	**€1,606,000.00**	**€550,000.00**	**€1,089,336.00**	**€871,948.00**

(a) *Variable remuneration in respect of 2010, of which €316,800 (30%) paid in cash in 2011 (c) and the balance deferred (70%) over three years in equal shares of €246,400. For 2012, the final amount paid will be €224,851 (after application of the indexing factor).*
(b) *In 2010, François Pérol waived his variable remuneration in respect of 2009.*
(d) *Variable remuneration in respect of 2011, of which €213,675 (40%) paid in cash in 2012 and the balance deferred (60%) over three years in equal shares of €106,838.*
(e) *François Pérol has waived his annual housing allowance since 2010.*

Remuneration summary: Mr Nicolas Duhamel

Member of the Management Board – Chief Financial Officer	Fiscal year 2010		Fiscal Year 2011	
	Amount due(1)	Amount paid(2)	Amount due(1)	Amount paid(2)
Base pay	-	-	-	-
Executive directorship	€500,000.00	€500,000.00	€500,000.00	€500,000.00
Variable pay	€288,000.00(a)	€105,000.00(b)	€259,000.00(d)	€161,500.00(c)
Exceptional pay	-	€0	-	€0
Benefits in kind (company car, housing, and other benefits)	€0	€0	€5,364.00	€5,364.00
Attendance fees	€6,097.96	€6,097.96	€4,750.00	€4,750.00
Other remuneration	-	-	-	-
TOTAL	**€794,097.96**	**€611,097.96**	**€769,114.00**	**€671,614.00**

(a) *Variable remuneration in respect of 2010, of which €144,000 (50%) paid in cash in 2011 (c) and the balance deferred (50%) over three years in equal shares of €48,000. For 2012, the final amount paid will be €43,802 (after application of the indexing factor).*
(b) *Variable remuneration in respect of 2009, of which 75% paid in 2010. 12.5% was paid in 2011 (c) and 12.5% will be paid in 2012.*
(c) *50% of the variable remuneration in respect of 2010 (€144,000) plus 12.5% of the variable remuneration in respect of 2009 (€17,500).*
(d) *Variable remuneration in respect of 2011, of which €129,500 (50%) paid in cash in 2012 and the balance deferred (50%) over three years in equal shares of €43,167.*

Remuneration summary: Mr Olivier Klein

Member of the BPCE Management Board, Chief Executive Officer - Commercial Banking and Insurance	Fiscal year 2010 (beginning April 7, 2010)		Fiscal year 2011	
	Amount due (1)	Amount paid (2)	Amount due (1)	Amount paid (2)
Base pay	-	-	-	-
Executive directorship	€375,000.03	€375,000.03	€500,000.00	€500,000.00
Variable pay	€288,000.00(a)	N/A	€259,000.00(d)	€144,000.00(b)
Exceptional pay	-	€0	-	€26,659.42(c)
Benefits in kind (company car, housing, and other benefits)	€3,897.00	€3,897.00	€5,196.00	€5,196.00
Attendance fees	€26,050.00	€19,200.00	€22,407.00	€16,507.00
Other remuneration	-	-	-	-
TOTAL	**€692,947.03**	**€398,097.03**	**€786,603.00**	**€692,362.42**

(a) *Variable remuneration in respect of 2010, of which €144,000 (50%) paid in cash in 2011 (b) and the balance deferred (50%) over three years in equal shares of €48,000. For 2012, the final amount paid will be €43,802 (after application of the indexing factor).*
(c) *Mobility bonus.*
(d) *Variable remuneration in respect of 2011, of which €129,500 (50%) paid in cash in 2012 and the balance deferred (50%) over three years in equal shares of €43,167.*

Remuneration summary: Mr Philippe Queuille

Member of the Management Board, Chief Executive Officer - Operations and Oversight for the Reorganization of the central institution	Fiscal year 2010 (beginning April 7, 2010)		Fiscal year 2011	
	Amount due(1)	Amount paid(2)	Amount due(1)	Amount paid(2)
Base pay	-	-	-	-
Executive directorship	€444,744.69	€444,744.69	€459,800.00	€459,800.00
Variable pay	€288,000.00(a)	€144,000.00(b)	€259,000.00(d)	€168,000.00(c)
Exceptional pay	-	€0	-	€0
Benefits in kind (company car, housing, and other benefits)	€35,850.00	€35,850.00	€40,200.00	€40,200.00
Attendance fees	€0	€0	€0	€0
Other remuneration	-	-	-	-
TOTAL	**€768,594.69**	**€624,594.69**	**€759,000.00**	**€668,000.00**

(a) *Variable remuneration in respect of 2010, of which €144,000 (50%) paid in cash in 2011 (c) and the balance deferred (50%) over three years in equal shares of €48,000. For 2012, the final amount paid will be €43,802 (after application of the indexing factor).*
(b) *Variable remuneration in respect of 2009 and his former duties at BFBP.*
(c) *50% of the variable remuneration in respect of 2010 (€144,000) plus remuneration in respect of his former duties at BFBP (€24,000).*
(d) *Variable remuneration in respect of 2011, of which €129,500 (50%) paid in cash in 2012 and the balance deferred (50%) over three years in equal shares of €43,167.*

Remuneration summary: Mr Jean-Luc Vergne

Member of the Management Board – Chief Human Resources Officer (until September 19, 2011)	Fiscal year 2010		Fiscal year 2011 (until September 19, 2011)	
	Amount due(1)	Amount paid(2)	Amount due(1)	Amount paid(2)
Base pay	-	-	-	-
Executive directorship	€500,000.00	€500,000.00	€358,333.37	€358,333.37
Variable pay	€288,000.00[a]	€120,000.00[b]	€185,203.00[e]	€328,000.00[c]
Exceptional pay	-	€0	-	€469,489.00[d]
Benefits in kind (company car, housing, and other benefits)	€0	€0	€3,260.40	€3,260.40
Attendance fees	€0	€0	€0	€0
Other remuneration	-	-	-	-
TOTAL	**€788,000.00**	**€620,000.00**	**€546,796.77**	**€1,159,082.77**

(a) Variable remuneration in respect of 2010 of which €144,000 (50%) in cash in 2011 (c) and the deferred balance (50%) over three years with payment in cash per fraction of €48,000.
(b) Variable remuneration in respect of 2009 of which 75% paid in 2010, 12.5% paid in 2011 (c) and 12.5% to be paid in 2012.
(c) Corresponds to the 50% of variable remuneration in respect of 2010 (€144,000) and the 12.5% of variable remuneration in respect of 2009 (€20,000) as well to the outstanding remuneration in respect of 2009 (12.5%, i.e. €20,000 euros) and 2010 (50%, i.e. €144,000) following his retirement.
(d) Corresponds to his retirement bonus.
(e) Variable remuneration in respect of 2011 of €185,203 (calculated on a pro rata basis, i.e. 261 out of 365 days) to be paid in full in 2012.

Remuneration summary: Ms Anne Mercier-Gallay

Member of the Management Board – Chief Human Resources Officer (beginning September 19, 2011)	Fiscal year 2010		Fiscal year 2011 (beginning September 19, 2011)	
	Amount due (1)	Amount paid (2)	Amount due (1)	Amount paid (2)
Base pay	-	-	-	-
Executive directorship	N/A	N/A	€141,666.64	€141,666.64
Variable pay	N/A	N/A	€73,797.00[a]	N/A
Exceptional pay	N/A	N/A	-	€0
Benefits in kind (company car, housing, and other benefits)	N/A	N/A	€1,458.60	€1,458.60
Attendance fees	N/A	N/A	€0	€0
Other remuneration	N/A	N/A	-	-
TOTAL	**N/A**	**N/A**	**€216,922.24**	**€143,125.24**

(a) Variable remuneration in respect of 2011 of €73,797 (calculated on a pro rata basis, i.e. 104 out of 365 days) to be paid in full in 2012 given that the amount is lower than €100,000.

Summary of attendance fees and other remuneration received by BPCE officers from January 1 to December 31, 2011 (Table 3)

Rules for the awarding of attendance fees:

Amounts due in respect of 2010(1): all sums owed in respect of 2010, regardless of the date of payment.

Amounts paid in 2010(2): all remuneration actually paid in 2010 (due in 2009 and paid in 2010 + due in 2010 and paid in 2010).

Amounts due in respect of 2011(1): all sums owed in respect of 2011, regardless of the date of payment.

Amounts paid in 2011(2): all remuneration actually paid in 2011 (due in 2010 and paid in 2011 + due in 2011 and paid in 2011).

Other remuneration

Other remuneration consists of total attendance fees received by each officer in respect of his duties within committees of group companies during the period in question.

Each attendance fee payment relates to the officer's presence at committee meetings, and is calculated on the basis of the total budget set by each company's Annual General Shareholders' Meeting.

N/A: not applicable

	Fiscal year 2010		Fiscal year 2011	
	Amount due[1]	Amount paid[2]	Amount due[1]	Amount paid[2]
Philippe Dupont (Chairman of the Supervisory Board)				
BPCE director attendance fees	N/A	N/A	N/A	N/A
Chairmanship fee	€400,000	€400,000	€400,000	€400,000
Annual housing allowance	€42,000	€42,000	€28,013.32	€28,013.32
Attendance fees, BP Participations	€4,000	€7,000	N/A	N/A
Other remuneration	€0	€0	€0	€0
Yves Toublanc (Vice-Chairman of the Supervisory Board)				
BPCE director attendance fees	€13,500	€15,000	€13,500	€15,000
Vice-Chairmanship fee	€80,000	€80,000	€80,000	€80,000
Attendance fees, CE Participations	€4,000	€7,000	N/A	N/A
Other remuneration	€0	€0	€0	€0
Caisses d'Epargne representatives				
Ms Catherine Amin-Garde				
BPCE director attendance fees	€24,500	€24,500	€24,500	€23,000
Attendance fees, CE Participations	N/A	N/A	N/A	N/A
Other remuneration	€3,000	€3,000	€4,800	€3,000
Mr Bernard Comolet				
BPCE director attendance fees	€27,500	€27,250	€27,500	€25,000
Attendance fees, CE Participations	€4,000	€7,000	N/A	N/A
Other remuneration	€31,600	€31,600	€13,551.28	€29,551.28
Mr Francis Henry				
BPCE director attendance fees	€19,000	€19,166.67	€19,000	€16,000
Attendance fees, CE Participations	€4,000	€7,000	N/A	N/A
Other remuneration	€10,700	€9,700	€10,500	€10,700
Mr Pierre Mackiewicz				
BPCE director attendance fees	€24,500	€24,000	€24,500	€23,000
Attendance fees, CE Participations	€4,000	€7,000	N/A	N/A
Other remuneration	€4,500	€3,000	€7,500	€4,500
Mr Didier Patault				
BPCE director attendance fees	€19,000	€19,166.67	€19,000	€17,000
Attendance fees, CE Participations	€4,000	€7,000	N/A	N/A
Other remuneration	€31,776.80	€31,976.80	€30,526.80	€29,576.80
Mr Pierre Valentin				
BPCE director attendance fees	€27,500	€25,750	€27,500	€26,500
Attendance fees, CE Participations	€4,000	€7,000	N/A	N/A
Other remuneration	€26,000	€25,500	€24,700	€24,200
Banque Populaire banks representatives				
Mr Gérard Bellemon				
BPCE director attendance fees	€24,500	€24,000	€24,500	€23,000
Attendance fees, BP Participations	€4,000	€7,000	N/A	N/A
Other remuneration	€10,800	€19,800	€3,600	€10,800
Mr Thierry Cahn				
BPCE director attendance fees	€27,500	€26,250	€27,500	€25,000
Attendance fees, BP Participations	€4,000	€7,000	N/A	N/A
Other remuneration	€7,000	€0	€8,500	€7,000
Mr Jean Criton				
BPCE director attendance fees	€27,500	€27,250	€27,000	€25,000
Attendance fees, BP Participations	N/A	N/A	N/A	N/A
Other remuneration	€42,800	€40,900	€32,700	€40,800

	Fiscal year 2010		Fiscal year 2011	
	Amount due(1)	Amount paid(2)	Amount due(1)	Amount paid(2)
Mr Pierre Desvergnes				
BPCE director attendance fees	€19,000	€19,166.67	€19,000	€17,000
Attendance fees, BP Participations	€4,000	€7,000	N/A	N/A
Other remuneration	€12,900	€1,800	€7,500	€12,900
Mr Stève Gentili				
BPCE director attendance fees	€24,500	€23,500	€24,500	€23,000
Attendance fees, BP Participations	N/A	N/A	N/A	N/A
Other remuneration	€29,643.72	€24,643.72	€21,943.73	€24,943.72
Mr Bernard Jeannin				
BPCE director attendance fees	€19,000	€19,166.67	€19,000	€17,000
Attendance fees, BP Participations	€4,000	€7,000	N/A	N/A
Other remuneration	€32,400	€36,075	€27,000	€30,400
Independent members				
Ms Maryse Aulagnon				
BPCE director attendance fees	N/A	N/A	€23,250	€10,750
Ms Laurence Danon				
BPCE director attendance fees	€35,500	€31,916.67	€37,500	€36,000
Mr Marwan Lahoud				
BPCE director attendance fees	€52,500	€48,166.67	€51,500	€49,000
Ms Marie-Christine Lombard				
BPCE director attendance fees	N/A	N/A	€22,500	€10,000
Non-voting directors				
Mr Laurent Mignon, Natixis Permanent Representative				
BPCE director attendance fees	€9,500	€9,583.33	€9,500	€8,500
Other remuneration	€0	€0	€0	€0
Mr Michel Sorbier (FNCE)				
BPCE director attendance fees	€9,500	€9,583.33	€9,500	€8,500
Other remuneration	€7,500	€57,500	€0	€7,500
Mr Pierre Carli				
BPCE director attendance fees	€9,500	€9,583.33	€9,500	€8,500
Other remuneration	€17,200	€18,600	€5,300	€21,900
Mr Alain Denizot (beginning May 19, 2011)				
BPCE director attendance fees	N/A	N/A	€8,250	€2,250
Other remuneration	€8,250	N/A	€5,400	€10,050
Mr Jean Mérelle (until May 19, 2011)				
BPCE director attendance fees	€9,500	€9,083.33	€1,750	€5,750
Other remuneration	€5,400	€21,800	€2,100	€3,000
Mr Raymond Oliger (FNBP)				
BPCE director attendance fees	€7,750	€0	€9,500	€6,750
Other remuneration	€9,600	€11,400	€9,900	€9,600
Mr Alain Condaminas				
BPCE director attendance fees	€9,500	€9,583.33	€9,500	€8,500
Other remuneration	€4,800	€4,800	€7,500	€4,800
Mr Gils Berrous (beginning May 19, 2011)				
BPCE director attendance fees	N/A	N/A	€8,375	€2,375
Other remuneration	€4,800	N/A	€4,200	€4,800
Mr Christian du Payrat (until May 19, 2011)				
BPCE director attendance fees	€9,500	€9,583.33	€2,875	€6,875
Attendance fees, BP Participations	€4,000	€7,000	N/A	N/A
Other remuneration	€8,047.91	€10,495.82	€450	€8,047.91
TOTAL REMUNERATION	**€1,328,968.43**	**€1,389,341.34**	**€1,234,241.70**	**€1,240,833.33**

STOCK OPTIONS

(Table 4)

Stock options allocated to executive directors during the 2011 fiscal year

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 during the 2011 fiscal year						

(Table 5)

Stock options exercised by executive directors during the 2011 fiscal year

Name of executive director	Number and date of plan	Number of options exercised during the year	Strike price
No stock options were exercised during the 2011 fiscal year			

(Table 6)

Performance shares allocated to executive directors during the 2011 fiscal year (bonus shares associated with performance criteria)

Performance shares awarded by the Annual General Shareholders' Meeting	Number and date of plan	Number of shares granted	Value of shares	Vesting date	End of lock-up period	Performance conditions
No performance shares were awarded to executive directors during the 2011 fiscal year						

(Table 7)

Performance shares available for vesting by executive directors during the 2011 fiscal year (bonus shares associated with performance criteria)

Vesting of performance shares	Number and date of plan	Number of shares vested	Vesting conditions
No performance shares were available for vesting by executive directors and officers during the 2011 fiscal year (no award of this type of share)			

(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 was made during the 2011 fiscal year						

(Table 9)

Stock options exercised by the ten non-executive director employees who exercised the most options

Name of non-executive director employee	Number and date of plan	Number of options granted and exercised during the 2011 fiscal year	Weighted average price
No stock options were granted to or exercised by BPCE employees during the 2011 fiscal year			

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 the termination of or a change in duties	Compensation related to a non-compete clause
	Start	End				
François PÉROL Chairman of the Management Board	07/31/2009	2013	NO	CGP(1)	YES	NO
Nicolas DUHAMEL Member of the Management Board: Chief Financial Officer	07/31/2009	2013	NO	CGP(1) BP plan for executive directors(5)	YES	NO
Olivier KLEIN Member of the Management Board: Chief Executive Officer -Commercial Banking and Insurance	04/07/2010	2013	NO	Allianz(4)–IPRICAS(2) CGP(1)	YES	NO
Philippe QUEUILLE Member of the Management Board: Chief Executive Officer - Operations and oversight for the restructuring of the central institution	04/07/2010	2013	NO	Quatrem(3) CGP(1)	YES	NO
Anne MERCIER-GALLAY Member of the Management Board: Chief Human Resources Officer	09/19/2011	2013	NO	CGP(1)	YES	NO
Jean-Luc VERGNE Member of the Management Board: Chief Human Resources Officer	07/31/2009	09/19/2011	NO	CGP(1) BP plan for executive directors(5)	YES	NO

(1) Supplementary defined-benefit pension plan for all BPCE employees and executive officers.
(2) Supplementary defined-benefit pension plan for the senior management of the former CNCE and therefore to its executive directors.
(3)(4)(5) Defined-benefit pension plan governed by Article L. 137-11 of the French Social Security Code.

Defined-benefit supplementary pension plan of the former BFBP (Article L.137-11 of the French Social Security Code):

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 career with the company (Article L. 137-11 of the French Social Security Code).

Subscribers to the plan are persons who are or have been Chief Executive Officers of Banque Populaire banks.

Participants, if they fell within the aforementioned category for at least 7 years and ended their career with the Banque Populaire network in order to receive a full state pension by age 65 at the latest, shall receive a supplementary pension (pension guarantee) which is equal to the difference between:

- 50% of their reference remuneration which is equal to average gross remuneration including benefits in kind in the two calendar years before stopping work and is 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;
- any pension income from other sources (statutory and supplementary group pensions), along with any remuneration paid by the Group if the person resumes work after retirement.

This supplementary pension, once liquidated, may be paid to the person's spouse or former spouse from whom they are divorced providing they have not remarried, at a rate of 60%.

This plan, which is funded entirely by the Group, is covered by an insurance policy taken out with the insurance company Quatrem.

The 50% rate applies to those persons that qualify as plan members since July 1, 2004. The rate for other plan members is 70%, falling to 60% from their 70th birthday.

Defined-benefit supplementary pension plan of the former CNCE (Article L.137-11 of the French Social Security Code):

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

To benefit from this plan, beneficiaries must meet all of the criteria 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 at 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 Management Board or as Chief Executive Officer of an entity affiliated with CNCE (within the meaning of Article L. 511-31 of the French Monetary and Financial Code), each position therein being limited to a period of five years, may also benefit from the plan;
- they must have paid up their basic Social Security and compulsory ARRCO and AGIRC supplementary contributions. Beneficiaries shall be entitled to an annual annuity equal to 10% of their average gross remuneration in the three best full calendar years during their time with the Groupe Caisse d'Epargne on the date of the termination of their employment contract or at the end of their corporate directorship.

Once it has been liquidated, this supplementary pension plan, which has no cap on its annuity, may be paid to an employee's spouse or former spouse from whom they are divorced providing they have not remarried, at a rate of 60%.

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

These supplementary pension plans are managed pursuant to paragraph 20.2.5 of the AFEP-MEDEF Code. They are compliant with the regulatory conditions of Article 137-11 of the French Social Security Code governing the quality of beneficiaries, the overall setting of base remunerations, the seniority conditions, the slight increase in potential rights, the recognition of the reference period for calculating services, and the prevention of artificially inflated remuneration.

PROCEDURE FOR ENFORCING PROFESSIONAL STANDARDS COVERED BY ARTICLE 43-2 OF COMMITTEE ON BANKING AND FINANCIAL REGULATION (CRBF) REGULATION 97-02 WITHIN GROUPE BPCE

Information on the policies and practices related to remuneration of members of the executive body and persons whose professional activities have a material impact on the corporate risk profile will be the subject of a report published on the BPCE web site prior to the Annual General Shareholders' Meeting in accordance with the same terms applicable to the registration document.

2.2.5 BPCE Management bodies and structure

2.2.5.1 GENERAL MANAGEMENT COMMITTEE

François Pérol, Chairman of the Management Board

Olivier Klein, Chief Executive Officer*, Commercial Banking and Insurance

Philippe Queuille, Chief Executive Officer*, Operations and oversight for the restructuring of the central institution

Nicolas Duhamel, Chief Financial Officer*

Anne Mercier-Gallay, Chief Executive Officer*, Human Resources

Laurent Mignon, Chief Executive Officer of Natixis

François Riahi, Deputy Chief Operating Officer*, Strategy

2.2.5.2 EXECUTIVE COMMITTEE

François Pérol, Chairman of the Management Board

Olivier Klein, Chief Executive Officer*, Commercial Banking and Insurance

Philippe Queuille, Chief Executive Officer*, Operations and oversight for the restructuring of the central institution

Nicolas Duhamel, Chief Financial Officer*

Anne Mercier-Gallay, Chief Human Resources Officer*,

Laurent Mignon, Chief Executive Officer of Natixis

François Riahi, Deputy Chief Operating Officer*, Strategy

Christiane Butte, Chief Group Legal Officer and BPCE Corporate Secretary

Bruno Deletré, Chief Executive Officer, Crédit Foncier de France

Géraud Brac de la Périère, Head of Group internal audit

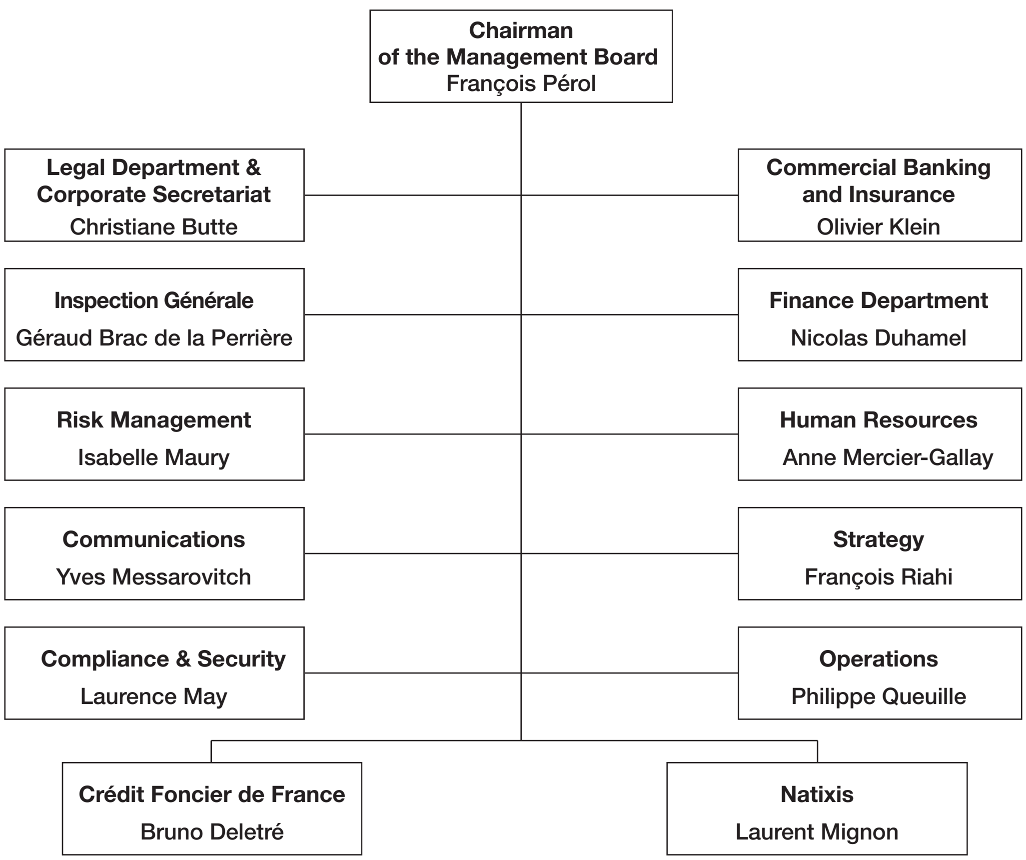
Isabelle Maury, Director of Group Risk Management

Laurence May, Director of Compliance & Group Security

Yves Messarovitch, Director of Group Communications

2.2.5.3 ORGANIZATION

The BPCE Structure is organized based on the following organization chart:



* *The title of Chief Executive Officer is not governed by Article L.225-66 of the French Commercial Code.*

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 *Autorité de contrôle prudentiel* (ACP - French Prudential Supervisory Authority). 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 Assurances;
- BPCE Assurances;
- Surassur;
- Muracef;
- Coface;
- Natixis Assurances;
- Compagnie Européenne de Garanties et de Cautions;
- Prepar Vie;
- Prepar IARD.

3.1.3 Capital management policy

MANAGEMENT OF CAPITAL ADEQUACY

In 2011, optimal management of risk-weighted assets which at €388 billion [1] have dropped by €11 billion compared to December 31, 2010, as well as the level of reserved earnings, have allowed the Group to improve its solvency. As a result, on December 31, 2011, the Core Tier-1 ratio reached 9.1% and the Tier-1 ratio increased to 10.6%[1], an improvement of 110 and 90 basis points[2], respectively. Over the course of the year, several items had significant impact on Groupe BPCE's ratio levels.

Full repayment of the French State

Groupe BPCE finished repaying the French State. In March BPCE redeemed €1.2 billion in preference shares and €1 billion in deeply subordinated notes held by the *Société de Prise de Participation de l'État* (SPPE), a 100% state-owned subsidiary.

Buyback of hybrid securities on the markets

In October 2011, BPCE undertook the early partial redemption of deeply subordinated notes issued. Overall, €1.2 billion in securities were carried at face value, or a gain of around €250 million, which is equal to 6 basis points in the Core Tier-1 ratio.

Approval of IRBA method for the Caisse d'Epargne retail client sector

The *Autorité de contrôle prudentiel* gave the Group its approval to use the advanced internal rating based approach (IRBA) to calculate capital requirements for the Caisses d'Epargne's retail customers segment (individual and small business outstandings) effective December 31, 2011.

This approval enabled the group to improve its Core Tier-1 ratio by approximately 45 basis points, equivalent to almost €1.7 billion in Core Tier-1 capital.

CRD III Implementation

In July 2009, the Basel committee revised the regulatory framework applicable at the end of 2011 to Basel II trading portfolios (an amendment known as CRD III or Basel 2.5). In particular, this amendment aims to provide greater financial resources to cover risks related to investments in resecuritized products and to evaluate the risks related to trading portfolios more conservatively.

This negatively impacts the Group's Core Tier-1 ratio by approximately 15 basis points due to:

- the consideration of additional requirements for the stressed VaR, with the aim of reducing the pro-cyclicity of the Var by taking exceptional transactions into account when measuring future risk;
- the introduction of the Incremental Risk Charge (IRC) in order to assess default risk and credit rating migration for unsecuritized credit instruments in the trading portfolio and better hedge market liquidity risks.

Sales of Foncia, Eurosic and Crédit Immobilier et Hôtelier (CIH)

In addition, Groupe BPCE sold its equity stake in Eurosic via Nexity (32.1%) and Banque Palatine (20.1%) to Batipart, Covea and ACM Vie as well as its interest in Foncia. These two transactions were part of the implementation of the «Together» 2010-2013 strategic plan and resulted in Core Tier-1 capital release along the lines of €1.1 billion, which translates into 30 basis points. Furthermore, on January 19, 2012, the Group also completed the sale of its 23.8% indirect equity stake in Crédit Immobilier et Hôtelier (CIH) to Caisse de Dépôt et de Gestion Marocaine (CDG), thus improving the Group's ratio.

STEPS FOR ALLOCATING CAPITAL

In order to guarantee the solvency of the Group, its networks and its subsidiaries, the Group has implemented specific action plans at the level of subsidiaries (Natixis, Crédit Foncier de France and BPCE IOM) and BPCE SA. The mechanism for the flow of capital became operational during 2011 through the implementation of methods and leverage adapted to the entities.

Optimization operation through a CIC guarantee mechanism implemented between Natixis and BPCE

At the end of October 2011, the *Autorité de contrôle prudentiel* agreed to the implementation of a P3CI instrument during the first quarter of 2012, improving Natixis' solvency and strengthening its Core Tier-1 ratio by 200 basis points.

The P3CI project consists of the issuance, by Natixis, of a bond instrument to which BPCE subscribed. This will guarantee the value of Cooperative Investment Certificates (CIC) and enable a €25.6 billion decrease in risk-weighted assets.

At the end of this internal transaction, Groupe BPCE will not be impacted in terms of Tier-1 and Core Tier-1 solvency ratios.

Crédit Foncier de France capital increase

On December 14, 2011, BPCE subscribed to a Crédit Foncier de France capital increase for €1.5 billion. This transaction aimed to increase the subsidiary's capital following provisioning of exposure to Greek sovereign securities.

BPCE IOM capital increase

On June 30, 2011, BPCE subscribed to a BPCE IOM capital increase for €265 million. The subsidiary was thus able to finance its investments, particularly the acquisition of BPCE's equity interest in Banca Carige as well as of a majority stake (75%) in Banque Malgache de l'Océan Indien (BMOI).

Strengthening of Groupe BPCE SA's capital base

In order to reinforce BPCE's capital base, on October 11, 2011, BPCE's Supervisory Board agreed in principle to an issuance of deeply subordinated notes during the first quarter of 2012 for an amount of €2 billion, to which each Banque Populaire bank and Caisse d'Epargne subscribed up to the amount of its interest in BPCE capital.

(1) *Excluding the Basel I floor effect.*

(2) *Compared to 2010 ratios pro forma of full repayment of the French State.*

Establishment of redeemable subordinated loans to CASDEN Banque Populaire

In addition, at the end of December 2011, BPCE agreed to a redeemable subordinated loan *(prêt subordonné remboursable,* PSR) of €100 million to CASDEN Banque Populaire, in addition to the €100 million PSR granted in 2010.

OUTLOOK

In 2012, the Group will continue working to achieve its goal of strengthening its financial stability and prepare itself to meet the next regulatory deadlines.

Compliance with 9% solvency ratio as of June 30, 2012, set by the European Banking Authority (EBA) after taking sovereign buffer into account

Since its creation, Groupe BPCE has been on the path of strengthening its solvency. In two years, the Group's Core Tier-1 ratio has risen from 6.4% in June 2009 to 9.1% in December 2011, or an increase of approximately 270 basis points.

The 9% target for the Core Tier-1 ratio (Basel 2.5) in June 2012 set by the EBA is completely consistent with the Group's goals and in line with the path the Group has taken for the last two years. This target takes into account a €1 billion sovereign buffer, corresponding to the market discount on the Group's exposure to European sovereign debt as calculated by the European Banking Authority. This limited discount reflects the Group's weak exposure to debt from the euro zone's peripheral states.

As in the past, strengthening the Group's solvency will primarily be the result of placing its profits in reserve and continuing to issue cooperative shares on a regular basis, without having to rely on the market.

Basel III

At the end of 2010, the Basel committee released new measures known as Basel III, reforming the regulatory framework applied to define capital adequacy and aiming to strengthen capital requirements for hedging certain risks. These will come into effect as of January 1, 2013, and be gradually implemented up to January 1, 2019.

The Group is confident in its ability to meet these new regulatory requirement deadlines without relying on the market, and to have a Common Equity Tier-1 ratio above 9%[1] in 2013.

3.1.4 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". Institutions covered by the CRD are required to respect a capital adequacy ratio of at least 8% at all times. This ratio is equal to the ratio of total capital to the sum of:

- risk-weighted assets for credit risk and dilution;
- capital requirements for the prudential supervision of market risk and operational risk, multiplied by 12.5.

Groupe BPCE is subject to the decree of February 20, 2007 and must therefore respect a minimum capital adequacy ratio of 8%. The methods used by Groupe BPCE to calculate risk-weighted assets are described in Paragraph 3.1.5.

At December 31, 2011, the overall capital adequacy ratio stood at 11.1%. Excluding the Basel I floor effect, the overall capital adequacy ratio is 11.6%.

At December 31, 2011, the Tier-1 ratio stood at 10.0%. Excluding the Basel I floor effect, the Tier-1 ratio is 10.6%.

At December 31, 2011, the Core Tier-1 ratio stood at 8.6%. Excluding the Basel I floor effect, the Core Tier-1 ratio is 9.1%.

Data presented in Paragraphs 3.1.5, 3.1.6 and 3.1.7 is from the regulatory report (COREP) dated December 31, 2011, which was established without considering the effect of approval given by the ACP to use the advanced internal ratings-based approach (IRBA) to calculate risk-weighted assets for exposure to the Caisse d'Epargne retail customers sector, which is however applicable as of December 31, 2011.

However, the ratios detailed above include the effects of this authorization.

(1) Without phasing in (after restating deferred tax assets).

3.1.5 Composition of capital and risk-weighted assets

Regulatory capital is determined in accordance with CRBF Regulation 90-02 of February 23, 1990 which governs capital.

It 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

Tier-1 capital consists of the following:

- share capital;
- preference shares subscribed by the French government via SPPE;
- reserves, including revaluation reserves and gains or losses recognized directly in equity;
- issue or merger premiums;
- retained earnings;
- net income attributable to equity holders of the parent.

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.

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 equity investments 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

Tier-2 capital is as follows:

- 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). For term subordinated notes, a prudential discount of 20% per year is applied as of the fourth year prior to maturity;
- capital instruments; up to 45% of pre-tax net unrealized capital gains recognized as Tier-2 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 wider variety of long-term subordinated debt (over 5 years) 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 100% deducted from total capital.

E/ TOTAL CAPITAL

in millions of euros	12/31/2011	12/31/2010
TIER-1 CAPITAL		
Share capital and additional paid-in capital	26,188	26,819
Retained earnings	17,919	17,409
Net income	2,685	3,640
Gains and losses recognized directly in equity	(1,656)	(483)
Equity attributable to equity holders of the parent	**45,136**	**47,385**
Perpetual deeply subordinated notes classified as equity	(4,603)	(6,762)
Consolidated equity excluding perpetual deeply subordinated notes classified as equity	**40,533**	**40,623**
Minority interests	2,758	2,892
Hybrid Tier-1 issues	5,694	7,874
Deductions from Tier-1 capital	(5,555)	(6,718)
– Of which goodwill	(4,712)	(5,447)
– Of which other intangible assets	(844)	(1,272)
Prudential filters	113	(1,196)
Tier-1 capital before deductions (A)	**43,543**	**43,475**
TIER-2 CAPITAL		
Upper Tier-2 capital	354	476
Lower Tier-2 capital	10,052	12,093
Tier-2 capital before deductions (B)	**10,406**	**12,569**
DEDUCTIONS FROM CAPITAL		
Equity investments and subordinated debt in banks or financial institutions	(1,709)	(1,784)
Negative difference between provisions and expected losses	(273)	(245)
Securitization transactions weighted at 1,250%	(2,446)	(2,886)
Equity investments in insurance companies	(4,151)	(4,154)
Deductions from capital (C)	**(8,578)**	**(9,070)**
– Of which deductions from Tier-1 capital	(2,214)	(2,458)
– Of which deductions from Tier-2 capital	(2,214)	(2,458)
– Of which deductions from total capital	(4,151)	(4,154)
TOTAL REGULATORY CAPITAL (A)+(B)+(C)	**45,371**	**46,974**
Tier-1 capital	41,329	41,017
Tier-2 capital	8,193	10,112
Tier-3 capital	0	0

Other Tier-1 capital: instruments issued on December 31, 2011

Date of issue	Issuer	Currency	Amount in millions (original currency)	Amount in millions of euros 12/31/2011
11/26/2003	BPCE	EUR	800	471
07/30/2004	BPCE	USD	200	154
10/06/2004	BPCE	EUR	700	368
10/12/2004	BPCE	EUR	80	80
01/25/2005	NATIXIS	EUR	300	185
01/27/2006	BPCE	USD	300	232
02/01/2006	BPCE	EUR	350	350
10/04/2007	NATIXIS	EUR	750	372
10/30/2007	BPCE	EUR	850	509
03/28/2008	NATIXIS	EUR	150	150
04/16/2008	NATIXIS	USD	300	131
04/30/2008	NATIXIS	USD	750	143
08/06/2009	BPCE	EUR	52	52
08/06/2009	BPCE	EUR	374	374
08/06/2009	BPCE	USD	134	103
08/06/2009	BPCE	USD	444	342
10/22/2009	BPCE	EUR	750	750
03/17/2010	BPCE	EUR	1,000	818
Preferred capital				
10/27/2003	NATIXIS	USD	200	110
TOTAL				**5,694**

Capital instruments issued by BPCE, whose outstandings totaled €4.603 billion at December 31, 2011, are classified as equity in the financial statements. Capital instruments issued by Natixis and subscribed to by third parties, whose outstandings totaled €1.091 billion at December 31, 2011, are recorded under minority interests in the financial statement.

F/ RISK-WEIGHTED ASSETS

In accordance with the decree of February 20, 2007, credit risk exposure can be measured using two approaches:

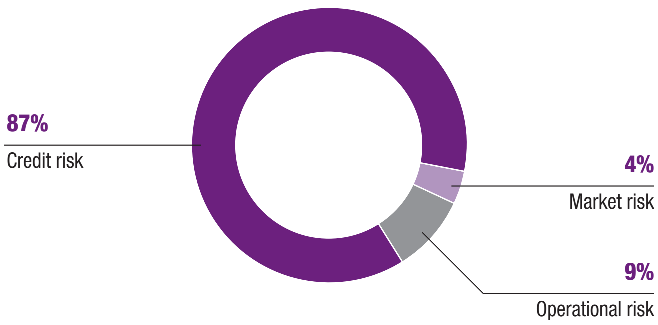
- the "standardized" approach, based on external credit ratings and specific risk weights according to Basel categories of exposure;
- the "internal ratings based" (IRB) approach, based on the financial institution's internal ratings system;
- the IRB approach consists of two categories:
  - the "Foundation 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.

in millions of euros	**12/31/2011**	**12/31/2010**
Central governments and central banks	596	378
Institutions	17,312	16,438
Corporates	77,979	72,149
Retail customers	84,831	78,741
Equity	3,929	5,880
Securitization positions	9,932	9,693
Credit risk – Standardized approach (1)	**194,579**	**183,279**
Central governments and central banks	670	176
Institutions	13,876	11,041
Corporates	88,028	92,455
Retail customers	19,633	19,073
Equity	23,685	26,304
Securitization positions	4,122	3,976
Credit risk – Internal ratings-based approach (2)	**150,014**	**153,025**
Other assets not involving credit obligations (3)	**13,592**	**17,617**
Total credit risk (A)=(1)+(2)+(3)	**358,185**	**353,922**
Total settlement/delivery risk (B)	**47**	**11**
Total market risk (C)	**16,875**	**12,753**
Total operational risk (D)	**36,525**	**32,330**
TOTAL BASEL II RISK-WEIGHTED ASSETS (EXCL. FLOOR) = (A)+(B)+(C)+(D)	**411,632**	**399,016**
TOTAL RISK-WEIGHTED ASSETS USED TO CALCULATE THE TIER-1 RATIO*	**412,987**	**407,316**
TOTAL RISK-WEIGHTED ASSETS USED TO CALCULATE THE OVERALL RATIO**	**411,632**	**404,253**

* *80% of Basel I risk-weighted assets and factoring, in risk-weighted assets, of 50% of the difference between provisions and expected losses (Basel I floor effect on total risk-weighted assets of €1,355 million at 12/31/2011).*

** *80% of Basel I risk-weighted assets and factoring, in risk-weighted assets, of the difference between provisions and expected losses (no Basel I floor effect on total risk-weighted assets at 12/31/2011).*

BREAKDOWN OF RISK-WEIGHTED ASSETS EXCLUDING FLOOR AT 12/31/2011



The relative weight of settlement/delivery risk is not material. Credit risks are highly predominant within Groupe BPCE.

3.1.6 Groupe BPCE's risk management system

The Risk Management division

The Group's Risk Management division ensures the effectiveness of risk management procedures and uniformity of the level of risk with Groupe BPCE's financial, human and systems resources to fulfill its objectives.

It performs its duties independently of those of the Group's operating divisions and its operating arrangements, particularly as regards business processes, are set out in the Group's Risk Management Charter, which was approved by BPCE's Management Board. The Risk Management divisions of affiliates, parent companies and subsidiaries subject to banking supervision regulations have strong functional links with this committee. Other subsidiaries report functionally to the Risk Management division.

Main duties of the Risk Management division

Groupe BPCE Risk Management division performs various duties:

- contributing to the drawing up of risk policy on a consolidated basis, instructing overall risk limits, taking part in discussing the 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 and other adverse developments, and to devise strategy; perform stress tests with the goal of identifying areas of risk and the Group's resilience under various predetermined shock scenarios;
- maintaining strong functional links with the Risk Management department, by participating in local Risk Management Committees and/or leading the department via national meetings and workshops;
- 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;
- being responsible for ongoing oversight, including detecting and resolving limit violations, and for centralized internal and external risk reporting on a consolidated basis, particularly to regulators);
- being responsible for second-level control of certain processes for preparing financial information (valuation methods, deductions, provisioning, determination of market values),
- managing 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 division is responsible for permanent second-level controls of the reliability of risk information systems.

Current Basel II situation

Customer segment	Banque Populaire banks	Caisses d'Epargne excluding subsidiaries	Subsidiaries CFF/ Palatine/BPCE IOM	Natixis	BPCE Formerly BFBP/ Formerly CNCE
Large corporates (revenue > €1 bn)	IRBF	Standardized	Standardized	IRBA	IRBF/Standardized
Corporates (€3 m < revenue < €1bn)	IRBF	Standardized	Standardized	IRBA	IRBF/Standardized
Retail customers	IRBA	IRBA	Standardized	IRBA(1)	IRBF/Standardized
Institutions	IRBF	Standardized	Standardized	IRBA	IRBF/Standardized
Sovereigns	IRBF	Standardized	Standardized	IRBA	IRBF/Standardized

(1) Standardized approach used for individual retail customers.

Groupe BPCE is continuing its path to Basel II compliance by relying on a group steering department in charge of coordinating and monitoring all of the Group's projects in this respect. The Group has received the approval of the ACP to use internal methods (IRBA) for the Caisse d'Epargne network's retail customers segment as of December 31, 2011.

The next major projects the Risk division's Basel II Program department will undertake are moving Crédit Foncier de France's retail segment and the Banque Populaire network's business segment to the IRBA method.

3.1.7 Credit and counterparty risk

Definition

Credit risk represents 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 relies on rating systems adapted to each type of client and transaction, which the Group Risk Management division is responsible for defining and controlling its performance.

Decisions within each entity are made at Groupe BPCE within the framework of delegation procedures, a system of limits 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 organized as follows:

- delegation given to the Credit Committee of BPCE's subsidiaries;
- delegation given to the Credit Risk Committee dedicated to the Banque Populaire banks;
- delegation given to the Credit Risk Committee dedicated to the Caisses d'Epargne;
- delegation given to the Caisse d'Epargne commitment committee;
- delegation given to the BPCE Risk Management Committee (central institution);
- delegation given to the Group Watchlist and Provisions Committee;
- delegation given to the Group Credit committee;

Ratings policy

Within Groupe BPCE, an internal rating methodology common to the two networks (specific to each client segment) was implemented for individual retail clients and small business clients. The implementation of the Corporate rating tool, shared by Natixis and the Banque Populaire network, has started within the Caisses d'Epargne, with full rollout planned for early 2012.

For cases following within the scope of the Banque Populaire Credit Risk Committee, the rating is approved by the committee on a proposal by the Group Risk Management division.

Risk monitoring

Monitoring of risks within Groupe BPCE relates to the quality of information, which must be compatible with a correct assessment of the risks, on the one hand, and the level and development of risks taken on the other. The correct application of standards is steered by control indicators in place across all approved entities. In conjunction with the consolidated risk management department, the monitoring department ensures portfolio analysis to help identify main concentrations of risk.

The different tiers of control within Group BPCE operate under the supervision of the Group Risk Management division, which is also responsible for consolidated summary reporting to the various authorities.

Sensitive matters – cases on the watchlist;[1] and the provisioning policy for the main risks shared by several entities (including Natixis) – are regularly examined by the Group Watchlist and Provisions committee.

(1) Watchlist: list of counterparties that are being specially monitored.

Ceilings and limits

The Group Risk Management division sets the regulatory ceilings for the Group Risk Management committee at the Group level, in accordance with Regulation No. 93-05 of December 21, 1993, relating to the control of large risk exposures.

An internal system for ceilings - expressed according to entities' net capital within the meaning of CRBF Regulation 90-02, at a level below the regulatory ceiling - is applied to all Group entities. The Group Risk Management division measures and monitors compliance with the regulatory ceilings for the Group Risk Management committee.

Furthermore, a Group limits system has been established for the major asset classes allowing the maximum level of exposure that the Group wishes to carry for the main counterparty groups in each asset class to be set and monitored.

Risk modeling

The Modeling and Model Validation department of the Risk Management division sets out principles for estimating Basel II credit parameters, based on historical data on defaults and losses recognized. The Validation division is responsible for validating internal rating models independently.

All the work performed is used to model capital requirements, which are incidentally controlled in accordance with Basel II regulations and may be subject to adjustments based on back-testing.

The Group Standards and Methods Committee for risks ultimately validates the implementation of the required changes.

Stress tests

Stress tests are aimed at measuring the sensitivity of different portfolios to shocks, in terms of expected losses, risk-weighted assets and capital requirements.

The scenarios are based on monoshocks (probability of default), reflected by a general uniform or random deterioration in a variable for a given category (sensitive business sector, corporate asset class).

Macroeconomic internal management stress testing is also performed for all Group credit portfolios and accordingly measures the effects of a decline in the rate of economic growth.

Achievements 2011

The Credit Risk department defined and validated, in Group Standards and Methods Committee for risks meetings, the methods for setting limits in terms of risk for the banking, corporate, regional public (SPT) and financial sectors, thus allowing limits to begin being set for major counterparties.

At the same time, a credit risk policy for the SPT segment was defined for all of Groupe BPCE and a declaration report was established. A policy for the sector is also being defined, particularly for sectors deemed «sensitive», namely, food industries, consumer goods, transportation, construction and public works as well as the tourism-hospitality sector.

The Group Watchlist monitoring system continues to be reinforced in order to ensure counterparties deemed "sensitive" are under close supervision and required provisioning for main suspicious cases shared by several entities are consistent. Additional provisioning standards have been defined and will be presented to the Group Standards and Methods Committee (for risk) for validation in early 2012.

In addition, the Credit Risk department then deployed and supported the change, within two networks, of tools allowing clustering to be monitored and Groupe BPCE's consolidated exposure to counterparty groups to be checked.

Finally, the risk measurement system continues to be optimized, with the IRBA method approved for the Caisse d'Epargne network's retail customers segment at the end of 2011, and the rating tool for businesses being prepared for rollout in the Caisse d'Epargne network in January 2012.

Methodology and terminology

Standardized approach

There are three rating agencies that provide credit ratings used in regulatory calculations: Moody's, Standard & Poor's and Fitch Ratings, in addition to 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.

Concerning 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 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.

Internal Rating Approaches

For the Banque Populaire, Caisse d'Epargne (retail customers segment as of December 31, 2011) and Natixis networks (excluding retail), Groupe BPCE has complete systems meeting regulatory requirements (Basel II, CRD) for rating its clients, based on:

- for retail customers, 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 the corporate and large corporate sectors, 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 validating and having the last word for the Banque Populaire and Natixis network. This function applies to the Caisse d'Epargne network as of January 2012;
- for institution and sovereign counterparties, the system is based on the internal rating or on the lowest rating from one of three external ratings agencies. Natixis is the exclusive rater for Groupe BPCE.

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.

Institution: Loans and advances to regulated credit institutions and similar, local authorities or other public sector entities without the status of sovereign counterparties.

Corporate: Loans to large corporates and small and medium sized-enterprises (SME).

Retail customers: Loans to individual customers and small or medium-sized entities, as well as individual entrepreneurs.

Exposure to retail customers 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 equity securities.

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): This is the amount due by the client on the effective default date. This amount is made up of the remaining capital balance, unpaid amounts, accrued interest not yet due, fees and penalties.

RWA (Risk-Weighted Assets): The calculation of credit risks is carried out through a more refined weighting of outstandings, which takes into account the default risk of counterparties and that of receivables.

PD (Probability of Default): probability of default of counterparty in the long run.

LGD (Loss Given Default): The expected loss rate in the case of default on a loan.

EFP: Capital requirement.

Breakdown of the loan portfolio by gross exposure categories and approaches

Information provided in respect of IFRS 7.

	12/31/2011					12/31/2010		
	Total			Average over 4 quarters		Total		
in millions of euros	Exposure	EAD	RWA	Average exposure	Average EAD	Exposure	EAD	RWA
Sovereigns	165,496	163,280	1,266	163,276	160,866	151,875	149,597	554
Institutions	157,264	149,806	31,189	156,681	147,843	152,378	140,569	27,479
Corporates	303,502	249,574	166,008	296,325	243,817	293,987	240,499	164,604
Retail customers	338,366	315,052	104,464	328,664	306,596	315,321	295,040	97,814
Securitization	38,694	38,561	14,054	43,858	42,729	48,545	46,877	13,669
Equity	12,056	12,052	27,614	13,201	13,188	13,936	13,908	32,184
Other assets	13,592	13,592	13,592	15,396	15,396	17,617	17,617	17,617
TOTAL	**1,028,970**	**941,916**	**358,185**	**1,017,401**	**930,435**	**993,660**	**904,108**	**353,922**

At December 31, 2011, Groupe BPCE's gross exposures totaled €1,029 billion, representing a year-on-year increase of 3.5%. The main risks relate to corporates and retail clients, representing 62.4% of gross exposure for 75.5% of risk-weighted assets. Institutions, for their part, represent 15.3% of gross exposure for just 8.7% of risk-weighted assets.

Note that the Corep publication of December 31, 2011, does not take into account the approval from the *Autorité de contrôle prudentiel* to use internal methods for the Caisse d'Epargne network's clients, which represents a decrease of €23.3 billion in risk-weighted assets for Groupe BPCE, which demonstrates the portfolio's good credit quality through improved risk assessment.

	12/31/2011					
	Standardized			IRB		
in millions of euros	Exposure	EAD	RWA	Exposure	EAD	RWA
Sovereigns	118,381	116,778	596	47,114	46,502	670
Institutions	89,591	84,210	17,312	67,673	65,596	13,876
Corporates	105,596	93,336	77,979	197,906	156,237	88,029
Retail customers	208,668	188,023	84,831	129,698	127,029	19,633
Securitization	21,754	21,620	9,932	16,940	16,940	4,122
Equity	4,046	4,041	3,929	8,011	8,010	23,685
Other assets	6,820	6,820	6,820	6,772	6,772	6,772
TOTAL	**554,855**	**514,829**	**201,399**	**474,114**	**427,088**	**156,786**

Breakdown of gross exposure by category and approach with distinction between credit and counterparty risk

Information provided in respect of IFRS 7.

	12/31/2011						12/31/2010	
	Standardized		IRB		Total		Total	
in millions of euros	Credit risk	Counterparty risk	Credit risk	Counterparty risk	Credit risk	Counterparty risk	Credit risk	Counterparty risk
Sovereigns	118,311	70	44,901	2,213	163,213	2,283	145,473	6,402
Institutions	85,753	3,839	32,352	35,321	118,105	39,159	115,654	36,724
Corporates	102,934	2,662	183,726	14,180	286,661	16,841	279,999	13,988
Retail customers	208,611	57	129,696	2	338,307	59	315,241	80
Securitization	21,754		16,940		38,694		48,545	
Equity	4,046		8,011		12,056		13,936	
TOTAL	**541,408**	**6,627**	**415,627**	**51,716**	**957,035**	**58,343**	**918,849**	**57,194**

The percentage of counterparty risk on total gross exposure is relatively low (5.7%). A large majority of counterparty risk is carried by the Institutions segment (67.1%).

Breakdown by region (gross exposure)

Information provided in respect of IFRS 7.

	12/31/2011						12/31/2010
in millions of euros	France	Europe (excl. France)	North & South America	Asia/Oceania	Africa and the Middle East	Total	Total
Sovereigns	150,763	7,951	5,272	537	973	165,496	151,875
Institutions	96,932	37,211	17,326	4,565	1,230	157,264	152,378
Corporates	196,897	44,417	44,795	9,044	8,350	303,502	293,987
TOTAL	**444,592**	**89,578**	**67,392**	**14,146**	**10,553**	**626,262**	**598,241**

Groupe BPCE's gross risk exposure is mainly in Europe (85.3%), including a significant concentration in France (71%), a historical market for the Group. This trend prevails especially for sovereign risks, institutions and companies featuring a more diluted breakdown by region, especially in Europe (excluding France) and the Americas.

Breakdown by sector (gross exposure)

Groupe BPCE – Corporates and Small Businesses

	12/31/2011			12/31/2010		
in millions of euros	Corporates	Professionals	Total	Corporates	Professionals	Total
Finance insurance	64,097	856	64,953	54,207	1,404	55,611
Real estate rental	31,279	23,401	54,680	32,126	22,355	54,481
Real estate	25,540	2,273	27,813	23,641	2,276	25,917
Holding companies & diversified	19,551	1,961	21,511	22,687	1,933	24,620
Services	12,523	6,716	19,239	11,990	6,834	18,823
Energy	18,923	351	19,274	18,100	295	18,395
Construction and public works	11,898	6,067	17,965	10,994	6,140	17,133
Pharma-health	7,144	5,929	13,073	8,222	5,699	13,921
Retailing	11,649	3,044	14,693	10,524	3,110	13,634
Transportation	11,743	1,933	13,675	11,080	1,894	12,974
Food industries	8,497	4,604	13,101	8,007	4,433	12,440
Consumer goods	8,161	4,079	12,241	7,659	4,235	11,895
Electrical and mechanical construction	10,362	1,700	12,062	9,348	1,710	11,058
Staple industries	9,487	785	10,272	8,078	845	8,923
Tourism, hotels & restaurants	4,678	4,805	9,483	4,044	4,618	8,661
Media	7,458	505	7,963	7,932	617	8,549
International commodities trade	8,759	60	8,819	8,363	0	8,363
Technology	5,249	173	5,422	5,200	181	5,381
Services to local authorities	4,249	153	4,403	4,068	146	4,214
Government	836	12	848	617	7	624
Others	21,420	2,544	23,965	27,102	1,959	29,061
TOTAL	**303,502**	**71,952**	**375,454**	**293,987**	**70,690**	**364,678**

Over the 2010 and 2011 fiscal years, the breakdown of exposure by sector type has been stable, with particular emphasis on the Finance and insurance sector.

Concentration by borrower (excluding sovereigns)

Information provided in respect of IFRS 7.

	12/31/2011		12/31/2010	
	Breakdown (Gross weightings relative to total large risk)	Weighting relative to capital (Gross amounts/ large risk capital)	Breakdown (Gross weightings relative to total large risk)	Weighting relative to capital (Gross amounts/ large risk capital)
Largest borrower	5.1%	16.4%	2.6%	7.8%
Top 10 borrowers	24.4%	78.8%	18.3%	54.7%
Top 50 borrowers	58.3%	188.6%	55.2%	164.6%
Top 100 borrowers	79.6%	257.5%	78.2%	233.3%

The weighting of the 100 largest borrowers does not show any particular concentration.

Exposures by credit quality using the standardized and IRB approach

Information provided in respect of IFRS 7.

The scale of credit quality for the Sovereign, Institution, Corporate and Retail Client categories is broken down in the table below.

They correspond to the following mapping:

- Standardized approach: based on a weighting rate, exposure category, and the notion of payment in arrears (a payment in arrears is systematically classified as rating 6), following application of guarantees;
- IRB: on the basis of mapping conducted on the rating (final) based on a rating scale.

	12/31/2011				12/31/2010			
	Standardized		IRB		Standardized		IRB	
in millions of euros	Gross exposure	EAD	Gross exposure	EAD	Gross exposure	EAD	Gross exposure	EAD
1	204,849	197,670	106,397	85,481	217,779	205,315	89,305	66,577
2	61,653	58,339	94,473	86,095	60,131	56,257	82,009	72,986
3-4	220,967	195,874	179,525	164,097	197,830	177,295	176,990	163,030
5-6	34,767	30,464	61,997	59,693	28,019	24,661	61,499	59,584
Non-performing/default	7,469	4,823	12,955	12,725	6,224	4,161	12,836	12,548
TOTAL	**522,236**	**482,347**	**442,391**	**395,365**	**503,758**	**463,528**	**409,803**	**362,177**

Measuring credit quality using the standardized approach and the internal approach shows around 50% of gross exposures to be low risk. 90% of exposures are between scales 1 and 4.

Note that the method for breaking down exposure by credit rating changed in 2011. Data from December 31, 2010 have therefore been shown pro forma in order to make the relevant comparisons.

Scope calculated using IRBF

IRBF[1] *in millions of euros*	12/31/2011 Internal counterparty	Gross Exposure	*O/W Balance Sheet Exposure*	*O/W Off-balance Sheet Exposure*	EAD	Expected losses (EL)	RWA	Average RW (weighted by EAD)
SOVEREIGNS	1	27,505	*27,218*	*90*	27,483	0	278	1.0%
	2							
	3							
	4	25	*25*	*0*	25	0	9	37.7%
	5							
	6	0	*0*		0	0	0	251.9%
Total excl. non-performing		**27,530**	*27,243*	*90*	**27,508**	**0**	**287**	**1.0%**
Non-performing		0	*0*		0	0		
INSTITUTIONS	1	10,538	*8,992*	*899*	10,490	1	1,552	14.8%
	2	9,256	*6,601*	*1,463*	9,018	3	1,562	17.3%
	3	1,578	*833*	*724*	1,395	1	614	44.0%
	4	846	*756*	*71*	823	11	1,064	129.3%
	5	904	*896*	*8*	900	23	1,490	165.6%
	6	590	*590*		590	26	1,191	201.9%
Total excl. non-performing		**23,712**	*18,667*	*3,166*	**23,216**	**65**	**7,472**	**32.2%**
Non-performing		112	*110*	*2*	112	50		
CORPORATES[2]	1	4,875	*4,350*	*262*	4,738	1	680	14.4%
	2	6,044	*4,978*	*736*	5,760	2	1,238	21.5%
	3	7,126	*4,891*	*2,212*	6,305	15	4,154	65.9%
	4	22,792	*19,223*	*3,478*	21,591	170	19,750	91.5%
	5	11,049	*8,900*	*2,085*	10,325	265	14,726	142.6%
	6	250	*202*	*48*	238	20	499	209.7%
Total excl. non-performing		**52,135**	*42,545*	*8,822*	**48,957**	**473**	**41,047**	**83.8%**
Non-performing		2,494	*2,160*	*332*	2,375	1,052		
Total IRBF excl. non-performing		**103,377**	*88,455*	*12,078*	**99,681**	**538**	**48,806**	**49.0%**
Total IRBF non-performing		**2,606**	*2,269*	*335*	**2,487**	**1,102**	**0**	**n/a**
TOTAL IRBF		**105,983**	*90,724*	*12,412*	**102,167**	**1,640**	**48,806**	**N/A**

(1) The column gross exposure includes both credit and counterparty risks. The columns balance sheet and off-balance sheet exposures relate only to credit risk.
(2) Specialized financing exposures excluding those calculated by weighting.

Specialized financing exposures calculated by weighting using the IRB approach

in millions of euros	12/31/2011			12/31/2010		
Weighting	**Gross exposure**	**RWA**	**EL**	**Gross exposure**	**RWA**	**EL**
0%	0.4	0.0	0.2	0.2	0.0	0.1
50%				0.9	0.5	
70%	19.4	13.6	0.1	22.0	15.4	0.1
90%	2.7	2.5	0.0	9.8	8.8	0.1
115%	8.2	9.4	0.2			
250%				0.9	1.9	0.06
TOTAL	**30.7**	**25.4**	**0.5**	**33.9**	**26.6**	**0.4**

Exposures are almost entirely calculated using the IRBA method.

IRBF (1) *in millions of euros*	Internal counterparty	Gross Exposure	*O/W Balance Sheet Exposure*	*O/W Off-balance Sheet Exposure*	EAD	Expected losses (EL)	Average LGD	RWA	Average RW (weighted by EAD)	Average PD rate on sound, sensitive and non-rated EADs
	12/31/2011									
SOVEREIGNS	1	19,311	*15,227*	*2,083*	18,757	0	8.2%	47	0.25%	0.00%
	2	55	*55*		55	0	35.0%	4	6.50%	0.03%
	3									
	4	84	*26*	*44*	50	0	80.8%	59	117.36%	1.58%
	5	0	*0*		0	0	19.3%	0	64.65%	6.04%
	6	81	*76*	*3*	80	9	57.1%	273	341.85%	19.46%
Total excl. non-performing		**19,531**	*15,385*	*2,130*	**18,942**	**9**	**8.7%**	**382**	**2.02%**	**0.09%**
Non-performing		53	*53*		53	55	45.0%	0		
INSTITUTIONS	1	9,736	*879*	*290*	9,581	0	17.6%	742	7.75%	0.03%
	2	26,978	*2,310*	*1,136*	26,375	2	26.8%	2,224	8.43%	0.04%
	3	3,599	*1,479*	*1,220*	3,135	4	42.4%	1,523	48.59%	0.33%
	4	2,993	*2,160*	*394*	2,721	13	37.7%	1,684	61.89%	2.13%
	5	169	*55*	*110*	83	2	70.6%	182	218.00%	3.59%
	6	12	*10*	*2*	11	1	50.3%	49	457.73%	12.63%
Total excl. non-performing		**43,486**	*6,893*	*3,152*	**41,906**	**24**	**26.7%**	**6,404**	**15.28%**	**0.21%**
Non-performing		363	*362*	*0*	362	281	75.1%	0		
CORPORATES	1	34,411	*4,905*	*27,586*	14,412	1	25.3%	1,346	9.34%	0.02%
	2	27,484	*6,699*	*15,145*	20,958	5	31.9%	3,478	16.59%	0.07%
	3	42,855	*20,102*	*19,708*	34,881	46	28.0%	14,997	43.00%	0.48%
	4	27,321	*16,600*	*9,116*	24,145	150	28.5%	18,286	75.73%	2.02%
	5	5,778	*3,783*	*1,782*	5,175	66	27.2%	4,837	93.45%	4.53%
	6	1,090	*434*	*63*	1,060	43	30.9%	1,693	159.67%	13.57%
Total excl. non-performing		**138,940**	*52,523*	*73,400*	**100,632**	**311**	**28.6%**	**44,637**	**44.36%**	**1.04%**
Non-performing		4,304	*3,687*	*225*	4,240	1,491	32.1%	2,319		
MORTGAGE LOANS	1									
	2	4,792	*4,714*	*79*	4,752	0	10.0%	109	2.30%	0.09%
	3	5,067	*4,952*	*115*	5,010	2	10.0%	319	6.36%	0.35%
	4	12,243	*11,971*	*272*	12,107	20	10.0%	2,109	17.42%	1.65%
	5	4,862	*4,753*	*109*	4,808	36	10.0%	1,977	41.12%	7.52%
	6	1,479	*1,456*	*23*	1,467	41	10.0%	841	57.30%	27.99%
Total excl. non-performing		**28,444**	*27,846*	*597*	**28,145**	**99**	**10.0%**	**5,355**	**19.03%**	**3.53%**
Non-performing		753	*744*	*9*	750	199	25.7%	0		
RENEWABLE EXPOSURES	1									
	2	1,198	*311*	*887*	1,131	1	21.3%	15	1.36%	0.11%
	3	773	*261*	*512*	748	1	20.5%	27	3.56%	0.34%
	4	1,296	*654*	*641*	1,316	5	20.5%	157	11.91%	1.66%
	5	621	*415*	*206*	658	12	20.5%	237	35.99%	8.56%
	6	105	*87*	*18*	108	6	20.8%	63	57.77%	28.67%
Total excl. non-performing		**3,993**	*1,728*	*2,265*	**3,961**	**24**	**20.8%**	**498**	**12.57%**	**2.85%**
Non-performing		76	*69*	*6*	71	22	30.5%	0		
OTHER RETAIL CUSTOMERS EXPOSURES EXCL. PROFESSIONALS	1									
	2	18,601	*17,186*	*1,415*	17,982	4	12%	504	2.80%	0.09%
	3	15,154	*14,272*	*882*	14,831	6	12%	1,078	7.27%	0.35%
	4	22,196	*20,564*	*1,632*	21,690	48	13%	3,282	15.13%	1.66%
	5	7,732	*6,809*	*924*	7,492	84	16%	1,917	25.59%	7.42%
	6	2,217	*2,047*	*170*	2,172	98	16%	861	39.63%	28.26%
Total excl. non-performing		**65,901**	*60,879*	*5,022*	**64,167**	**240**	**13%**	**7,641**	**11.91%**	**2.49%**
Non-performing		2,036	*1,967*	*69*	2,009	667	33.8%	60		

IRBF (1) *in millions of euros*	12/31/2011 Internal counterparty	Gross Exposure	*O/W Balance Sheet Exposure*	*O/W Off-balance Sheet Exposure*	EAD	Expected losses (EL)	Average LGD	RWA	Average RW (weighted by EAD)	Average PD rate on sound, sensitive and non-rated EADs
SMES AND PROFESSIONALS	1									
	2	59	*(3)*	*62*	59	3	45.0%	2	3.14%	0.43%
	3	1,402	*1,142*	*260*	1,356	1	17.5%	166	12.21%	0.43%
	4	12,167	*10,944*	*1,222*	11,958	33	14.9%	2,217	18.54%	1.73%
	5	8,558	*7,561*	*997*	8,330	96	16.7%	2,296	27.56%	6.78%
	6	3,545	*3,239*	*307*	3,470	157	16.4%	1,398	40.29%	27.55%
Total excl. non-performing		**25,731**	*22,882*	*2,847*	**25,175**	**289**	**16.0%**	**6,078**	**24.14%**	**6.89%**
Non-performing		2,765	*2,549*	*215*	2,751	1,024	36.5%	0		
Total IRBA excl. non-performing		**326,026**	*188,136*	*89,414*	**282,927**	**997**	**19.5%**	**70,996**	**25.09%**	**1.98%**
Total IRBA non-performing		**10,349**	*9,431*	*525*	**10,237**	**3,739**	**36.2%**	**2,379**	**N/A**	**N/A**
TOTAL IRBA		**336,375**	***197,567***	***89,939***	**293,164**	**4,736**	**20.1%**	**73,375**	**N/A**	**N/A**

(1) The column gross exposure includes both credit and counterparty risks. The columns balance sheet and off-balance sheet exposures relate only to credit risk.

Exposure to counterparty risk relating to foreign currency and repo transactions

in millions of euros	12/31/2011 Standard	IRB	Total	12/31/2010 Standard	IRB	Total
Derivatives						
Sovereigns	55	1,314	1,368	30	4,959	4,989
Institutions	3,793	27,812	31,605	3,863	26,258	30,120
Corporates	2,549	10,076	12,626	1,342	9,535	10,877
Retail customers	57	2	59	78	2	80
TOTAL	**6,454**	**39,204**	**45,658**	**5,313**	**40,753**	**46,066**
Repo transactions						
Sovereigns	15	899	915	15	1,398	1,413
Institutions	46	7,509	7,554	7	6,596	6,604
Corporates	112	4,103	4,216	97	3,015	3,112
TOTAL	**173**	**12,512**	**12,685**	**120**	**11,009**	**11,129**

Counterparty risk relating to market transactions is mainly borne by institutions both for foreign currency and repo transactions segments, which represent 69% and 60% of outstandings respectively.

Credit risk reduction techniques

Risk division

The Risk division is governed by Group's internal and external rules. These rules are fundamental for risks management. An internal ceiling, below the regulatory limit, is applied to all entities on a consolidated basis since January 1, 2011. Group entities are furthermore subject to unit, sector, or geographical limits. At the Group level, temporary limiting 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, in addition to the real security interests used. They mainly use the *Compagnie Européenne de Garanties et Cautions* or CEGC (formerly SACCEF, held by the Group *via* Natixis), *Fonds de garantie à l'accession sociale à la propriété* or FGAS and, to a lesser extent, *Crédit Logement* (a financial institution and a subsidiary of most of the main French banking networks); these institutions are specialized in guaranteeing bank loans, especially home loans.

Beginning December 31, 2011, the Caisse d'Epargne network is authorized to use the internal rating approach for the retail customers segment. These guarantees are taken into account when calculating weighted exposure for this segment.

The CEGC has received an A+ rating from Standard and Poor's, with a stable outlook.

The *Fonds de garantie à l'accession sociale* (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%;

Crédit Logement benefits from a long-term AA- from Standard and Poor's, with a negative outlook.

The Banque Populaire banks have, for their part, traditionally used mutual guarantee companies SOCAMI (home loans) and SOCAMA (craftsman loans), in addition to the real security interests used. They also turn to CASDEN Banque Populaire to back loans to civil servants of the French national education system, *Crédit Logement* and recently CEGC.

For home loans, Banque Populaire banks and Caisses d'Epargne furthermore use several mutual benefit companies, such as MGEN, Mutuelle de la Gendarmerie, etc.

In 2011, 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 Caisses d'Epargne and Banque Populaire banks and BPCE from time to time.

Valuation and management of instruments comprising real security interest

The revaluation tool for real-estate guarantees was made available to the two networks.

The Banque Populaire network currently uses the tool for revaluing guarantees against homes, business assets and pledged assets for all risk segments.

The Caisse d'Epargne network, for its part, uses the tool for revaluing guarantees against homes for all risk segments.

The Caisses d'Epargne have two kinds of real security interests that are primarily 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, besides home loan guarantees, the real security interests also taken into account by the revaluation tool are guarantees against vehicles, pledges of materials and equipment, yacht mortgage loans, and pledges of business assets.

Exposures with personal and physical guarantees by category of exposure

	12/31/2011						12/31/2010	
	Personal guarantees and credit derivatives			Physical guarantees				
in millions of euros	Personal guarantees	Credit derivatives	Total	Physical guarantees	*O/w real*	*O/w financial*	Total personal guarantees and credit derivatives	Total physical guarantees
Sovereigns	3,493	0	3,493	2	*2*	*0*	683	1
Institutions	20,613	171	20,784	4,545	*13*	*4,532*	5,627	538
Corporates	46,753	2,229	48,983	38,874	*21,603*	*17,271*	16,692	13,999
Retail customers	72,171	0	72,171	87,843	*83,225*	*4,617*	35,378	35,533
TOTAL	**143,031**	**2,400**	**145,431**	**131,264**	***104,843***	***26,421***	**58,381**	**50,071**

European sovereign exposure[1] at December 31, 2011

On December 31, 2011, Groupe BPCE performed an update of its exposures to the thirty EEA countries, based on the format established by the European Banking Authority (EBA).[2]

in millions of euros	Gross direct exposures at 12/31/2011	Net direct exposures (excluding derivatives) at 12/31/2011	o/w banking book	o/w trading book	Net direct exposures (excluding derivatives) at 12/31/2010
Austria	92	38	3	35	423
Belgium	2,807	2,149	2,638	(489)	481
Bulgaria	0	0	0	0	0
Cyprus	126	126	126	0	128
Czech Republic	179	179	179	0	251
Denmark	95	95	95	0	106
Estonia	0	0	0	0	0
Finland	54	(27)	0	(27)	(14)
France	36,028	28,875	29,451	(576)	27,867
Germany	4,197	(3,571)	4	(3,575)	(6,054)
Greece[3]	1,556	631	576	54	1,232
Hungary	120	103	117	(14)	47
Iceland	0	0	0	0	0
Ireland	158	158	158	0	302
Italy	5,359	2,746	2,560	187	3,159
Latvia	0	0	0	0	0
Liechtenstein	0	0	0	0	0
Lithuania	63	63	0	63	90
Luxembourg	3	3	3	0	4
Malta	0	0	0	0	0
Netherlands	950	99	0	99	71
Norway	0	0	0	0	0
Poland	568	568	564	3	524
Portugal	163	82	97	(15)	183
Romania	0	0	0	0	0
Slovakia	238	238	238	0	192
Slovenia	247	247	247	0	202
Spain	773	(33)	41	(74)	(116)
Sweden	0	0	0	0	0
United Kingdom	1	1	1	0	6
TOTAL	**53,780**	**32,770**	**37,099**	**(4,330)**	**29,083**

The total amount of net direct exposure excluding derivatives increased slightly in the 2011 fiscal year.

(1) *Exposure of banking activities on a consolidated basis.*

(2) *European Banking Authority, formerly the Committee of European Banking Supervisors or CEBS.*

(3) *The banking portfolio's net direct exposure at December 31, 2011, has an independent financial guarantee of up to €300 million in nominal value.*

3.1.8 Market risk

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.

MARKET RISK MANAGEMENT

Risk monitoring

The Market Risk Management Service of the Risk Management division is responsible for the control of market activities within BPCE, which is subject to regular review by the Group Market Risk Management Committee.

For the Commercial Banking scope, risks are monitored in accordance with the segmentation of financial activities between the trading book on one hand and the ALM business unit and medium- and long-term management on the other. Risk monitoring is performed by the Risk Management division.

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 Natixis, the significance of market activities implies the implementation of the entity's own risk management.

For the Caisses d'Epargne and BPCE subsidiaries, day-to-day monitoring of the trading portfolio's activities is based on supervision by the Risk Management division of 99% 1-day value-at-risk, stress tests and compliance with regulatory limits.

The proprietary Value-at-Risk calculation system developed by Natixis is used by the Group. This system provides a tool for the measurement, monitoring and control of market risk on a consolidated level and at the level of the Caisses d'Epargne and BPCE subsidiaries on a daily basis and taking account of correlations between the various portfolios. This system was extended to the Banque Populaire network's trading portfolios during 2011 as part of the Group VaR project, which was completed in early 2012.

At the same time, the Risk Management division has endeavored to define and implement stress scenarios for all of the Group's institutions.[1] These overall and historic stress scenarios are also in place at Natixis, BRED Banque Populaire, the Caisse d'Epargne network and BPCE subsidiaries.

All limits (operational indicators, VaR, and stress tests) are monitored daily by local Risk Management divisions. All limit violations are notified. If applicable, violations may lead to a management decision concerning the position in question (closure, hedging, maintaining, etc.).

Monitoring of single treasury and central bank collateral management

Since the first half of 2011, the BPCE Central Treasury has been merged with Natixis' treasury to establish a single treasury and central bank collateral management whose purpose is to steer, optimize and ensure the Group's liquidity.

Day-to-day monitoring of risks and economic results is conducted for all single treasury and central bank collateral management activities. In particular, a 99% 1-day Monte Carlo VaR is calculated.

The single treasury and central bank collateral management is subject to an overall VaR limit on the Group's balance sheet, as well as sub-limits on:

- Short-Term Central Treasury activities;
- Long-Term Central Treasury activities;
- repurchase agreements;
- the trading scope.

Compliance for operational limits in terms of sensitivity to rates, both overall and by time buckets, as well as in terms of counterparty, is monitored daily.

Specific stress scenarios as well as exposure limits per operator (for both individual and cumulative transactions processed per day) complete the control system for this activity.

Monitoring of the workout portfolio

Natixis Asset Management continues its management mandate for the workout portfolio of the proprietary activities of the former Caisse Nationale des Caisses d'Epargne. Risk delegation was defined by BPCE for the management carried out by Natixis Asset Management, which presents sales performed and portfolio monitoring in terms of profit and loss at BPCE monthly management committee meetings. A risk review is conducted by the Risk Management division as part of the Group Market Risk Management Committee.

MARKET RISK MEASUREMENT METHODS

Information provided in respect of IFRS 7.

The market risk monitoring system relies on three types of indicators used to manage activity, on an overall basis and by homogeneous activity, by focusing on more directly observable criteria, including:

- sensitivity to variations in the underlying instrument, variation in volatility or to correlation, nominal amounts, and diversification indicators. The limits corresponding to these qualitative and quantitative operational indicators thus complement the VaR, stress test and loss-alert limits;
- day-to-day assessment of global market risk measurement through a 1-day 99% VaR;

(1) The Banque Populaire network (excluding BRED Banque Populaire) has no trading activities and is therefore not included in the scope of stress test calculations.

- stress tests are also employed to measure the losses potentially sustained by portfolios in extreme market circumstances. The Group system relies on global stress tests and specific stress tests for each activity.

Reports specific to the business line concerned are sent daily to the operators and managers concerned.

For Natixis, an overall report on market risks is also distributed daily to the executive management, BPCE and front office managers. Moreover, a report specific to the guaranteed scope is sent daily to BPCE.

A monthly consolidated review of market risks of Groupe BPCE, relating to VaR calculations, and hypothetical and historical stress scenarios, is presented to the Group Market Risk Management Committee, in addition to risk reporting performed for the entities.

Sensitivity

The monitoring and control of compliance with sensitivity limits are carried out daily at the local level by the Risk Management divisions. If a limit is breached, a warning procedure is triggered in order to define the measures required for a return within operational limits.

VaR

Market risk is also monitored and accessed via synthetic VaR calculations, which determine potential losses from each activity at a given confidence level (99%) and holding period (one day). For calculation purposes, the joint behavior of market parameters that determine portfolio values is modeled using statistical data.

All decisions relating to risk factors using the internal calculation tool are revised regularly by committees involving all of the players concerned (Risk Management division, Front Office and Results Services). Quantitative and objective tools to measure the relevance of risk factors are also used.

VaR is based on digital simulations, using a Monte Carlo methodology which takes into account possible non-linear portfolio returns based on the different risk factors. It is calculated and monitored daily for all of the Group's trading portfolios, and a VaR limit defined on the global level and per activity is defined.

The solidity of the VaR is regularly measured in comparison with changes in the daily trading (backtesting) results: this allows for a subsequent comparison of loss potential, as expected ex-ante by VaR, with actual losses.

This internal VaR model used by Natixis was approved by the *Autorité de contrôle prudentiel* in January 2009. Natixis thus uses the VaR to calculate capital in respect of market risks for approved scopes.

Stress tests

Global stress tests are calculated daily and fall under three categories:

- **historic stress tests** reproduce changes in market parameters observed during past crises, their impacts on current positions and P&Ls. They can be used to assess the exposure of the Group's activities to known scenarios. Eleven historic stress tests have been in place since 2010;
- **hypothetical stress tests** consist of simulating changes in market parameters in all activities on the basis of plausible assumptions concerning the dissemination of an initial shock. These shocks are based on scenarios 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). The Group has had six theoretical stress tests since 2010;
- **specific stress tests** calculated on a daily basis in management tools have been rolled out across all areas and are subject to alerts. They are set on the basis of the same severity standard and are aimed at identifying the main loss areas by portfolio.

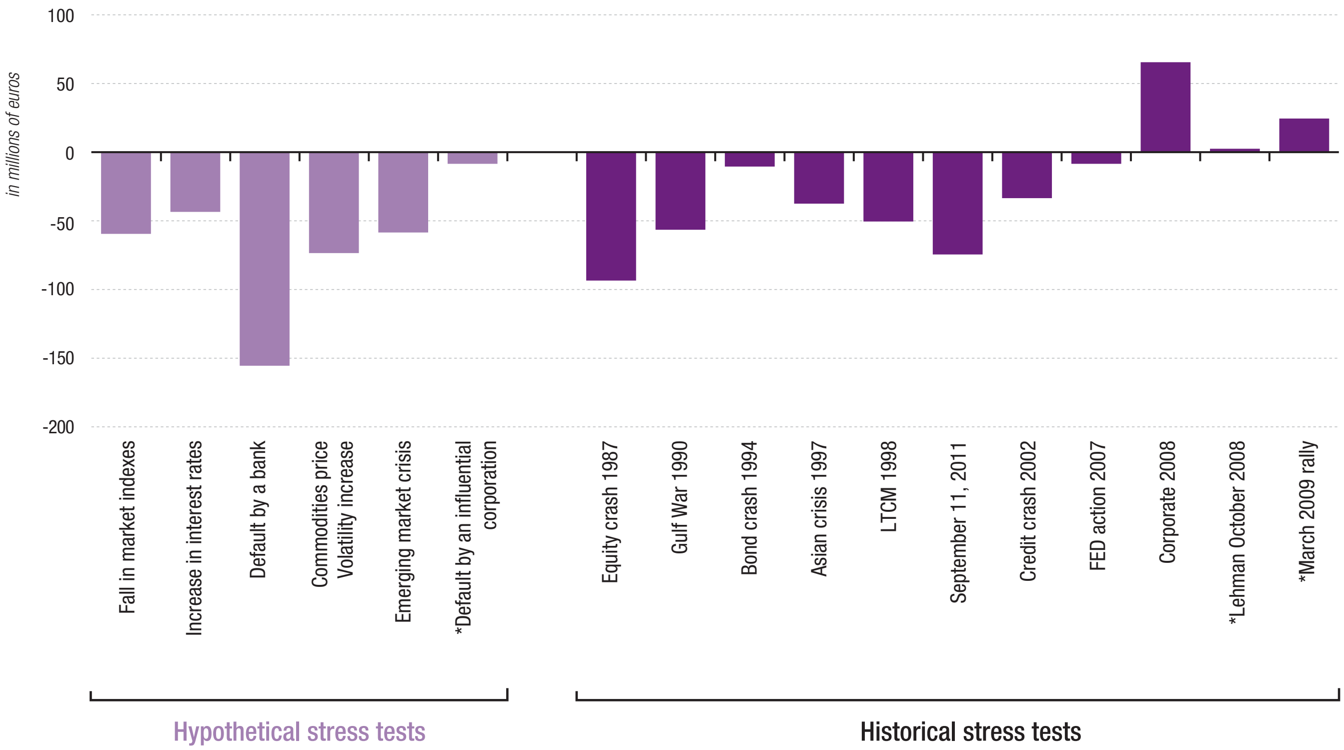
MARKET RISK MEASUREMENT QUANTITATIVE DATA

Groupe BPCE VaR

The Group VaR project has established a consolidated VaR for the Group BPCE's trading scope (99% one-day Monte Carlo VaR) which amounted to €15.8 million as of December 31, 2011.

Stress testing results

OVERALL STRESS TESTS AT DECEMBER 31, 2011



* *These stress scenarios were applied to the Natixis and Caisse d'Epargne scope.*

	12/31/2011					
in millions of euros	**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 increase in price volatility**	**Stress Test 5 Emerging market crisis**	**Stress test 6 Default by an influential corporate**
Natixis	**(28)**	**(32)**	**(77)**	**(30)**	**(51)**	**(7)**
CIB	(37)	(13)	(61)	(11)	(51)	(9)
GAPC	9	(19)	(16)	(19)		2
BRED Banque Populaire	**(26)**	**(9)**	**(72)**	**(38)**	**(5)**	
Trading desks	2	(1)	(38)	(16)	1	
Central Treasury Department	(28)	(8)	(35)	(23)	(5)	
Caisses d'Epargne and BPCE subsidiaries	**(5)**	**(2)**	**(6)**	**(4)**	**(3)**	**(1)**
Trading book	(5)	(2)	(6)	(4)	(3)	(1)
OVERALL TRADING BOOK	**(59)**	**(43)**	**(155)**	**(73)**	**(58)**	**(8)**

The most sensitive hypothetical stress tests concern:

- default of a financial institution within Natixis' CIB scope, produced by strengthening the long credit position;
- a fall in market indexes;
- increase in commodities volatility

	12/31/2011										
in millions of euros	Equity crash 1987	Gulf War 1990	Bond crash 1994	Asian crisis 1997	LTCM 1998	September 11, 2001	Credit crash 2002	FED action 2007	Corporate 2008	Lehman 10/08	March 2009 rally
Natixis	**(76)**	**(53)**	**(7)**	**(21)**	**(33)**	**(63)**	**(21)**	**(16)**	**96**	**11**	**23**
CIB	(47)	(49)	3	(17)	(27)	(64)	(16)	(21)	(41)	10	17
GAPC	(29)	(4)	(10)	(5)	(6)	1	(5)	6	137	1	6
BRED Banque Populaire	**3**	**3**		**(8)**	**(10)**	**(5)**	**(8)**	**12**	**(24)**		
Trading desks	30	13	5	6		11	(1)	19	(11)		
Central Treasury Department	(26)	(10)	(5)	(14)	(10)	(16)	(7)	(6)	(13)		
Caisses d'Epargne and BPCE subsidiaries	**(20)**	**(5)**	**(3)**	**(8)**	**(7)**	**(7)**	**(4)**	**(4)**	**(6)**	**(9)**	**1**
Trading book	(20)	(5)	(3)	(8)	(7)	(7)	(4)	(4)	(6)	(9)	1
OVERALL TRADING BOOK	**(93)**	**(56)**	**(10)**	**(37)**	**(50)**	**(74)**	**(33)**	**(8)**	**65**	**2**	**24**

The most significant historical examples remain the 1987 stock market crash, the attacks of September 11, 2001, and the 1990 Gulf War. In all three instances, the severity of the impact was primarily associated with Natixis' CIB portfolios.

ACHIEVEMENTS 2011

Work was carried out, with the Financial Risk Management business line, in order to standardize and reinforce the monitoring of market risks within the Group.

The Group Market Risk standards, which stores standards for evaluation, control and reports, was completed by defining private equity risks and new monitoring standards for securitizations, which were validated by the Group Standards and Methods Committee (for risk).

Following the decrease in risk consumption in financial portfolios, the overall one-day VaR limit of 99% for the Caisse d'Epargne trading portfolio sub-fund was adjusted downward compared to the previous limit. This limit was rolled down to the various entities of the scope based on their level of capital, with recognition of a diversification effect. The overall limits assigned to each entity are reviewed each year by the Group Market Risks Committee.

As part of the Group VaR project, the Risk division, in collaboration with Natixis and BRED Banque Populaire, has completed the establishment of a common VaR measurement tool for all of the Group's trading portfolios. This approach provides Groupe BPCE with a consistent, consolidated VaR.

In addition, a review of Group stress test practices was carried out. Recalibrating securitization shocks in particular, and controlling market risk in general were regularly reviewed by the Group Market Risks Committee.

Moreover, the risk analysis and management process for fund investments was harmonized for the two networks with the implementation of management specific to and common to the two networks (in terms of exposure limit and asset management company) for private equity investments, due diligence carried out on Group asset management companies offering funds or an activity that may result in commercial development.

Finally, the Lagarde report's recommendations are specifically followed up each quarter as part of identifying operational risks of fraud for market transactions.

3.1.9 Liquidity, interest rate and exchange rate risk

A/ ORGANIZATION OF GROUPE BPCE'S ASSET-LIABILITY MANAGEMENT

Asset-liability management consists of all of the actions each of the Group's institutions undertakes to manage structural risks on their balance sheets, overall interest rates, liquidity and non-operational currency exchange.

It must secure immediate and future income, ensure balance sheets are balanced, and promote the development of the Group and its institutions.

Governance

Groupe BPCE central institution finalized a standard of rules for all business lines and institutions. It allows risks to be consolidated, and enables the Group to apply a risk management policy that is appropriate for its strategic vision around two key principles:

- each institution is responsible for charges related to structural risks on the balance sheet that it carries with internal market systems allowing it to optimize the Group's interests around shared rules and adaptations that take into account to specific features of each business line's activities;
- each entity is responsible for managing risk at its level. The central institution monitors the application and relevance of Group rules at each of its levels.

Asset-liability management is determined by the Group ALM Committee. It is under the authority of the Chairman of the Group's Management Board and meets on a four-to-six-week basis. The committee decides on management of liquidity, structural rate risks, and currency exchange as well as for internal disposal rates. Its main goals are:

- to examine, on a consolidated basis, the structural risks for the Group and its related entities, along with movements in the balance sheet;
- to define the structural risk limits of the Group and its institutions, before they are put forward for validation by the relevant Risk Committees;
- to be responsible for allocating liquidity to business lines, particularly in stressful situations;
- to examine strategies for managing its indicators and, if appropriate, propose best practice for Group entities;
- to establish the strategic framework and operating method for the Group's single treasury and central bank collateral management;
- to monitor Group business-line and institution use of the single treasury and central bank collateral management's resources, and invoicing liquidity to the institutions;
- to ratify ALM agreements (separation of the banking book from the trading book, authorized instruments, run-off distributions, etc.).

Its decisions are documented in the Group ALM standards. It consists of a system of indicators, internal limits and management standards for the Group, It is subject to validation by the Group Risk Management committee each time it is updated. In addition, issues related to liquidity management are included in business-line goals through a liquidity envelope system.

2011 results and 2012 objectives

The Group successfully completed its «Liquidity Strategy» program in the first half of 2011, designed to secure and optimize access to liquidity for the entire Group and all its business lines.

A single treasury and central bank collateral management was created between BPCE and Natixis: Its head reports to both Natixis' Head of Fixed Income and the Group's CFO, a member of the Management Board. More precisely, the single treasury and central bank collateral management, which has been in effect since the end of May, is a combination of the BPCE and Natixis treasury teams. This integrated treasury team is capable of managing the Group's treasury much more efficiently, particularly in periods of liquidity pressure. Access to short-term market funding continues through the Group's two main issuers, BPCE and its subsidiary Natixis, but with a single operator from now on.

The Group has begun a policy of decreasing its liquidity transformation and consumption by increasing its backing rates in order to comply with Basel III's new regulatory requirements.

The Group is continuing to implement a shared ALM information system for the whole Group. Its first output is expected in 2012.

Supervision procedures

The Group Risk Management division forms part of the management system for structural balance sheet risks (liquidity, interest rate, and exchange rate risk). The Financial Risk Management unit is responsible for second-level controls of these risks. In addition, the ALM risk department validates the implementation of action plans for decreasing risks as well as the assumptions used to measure them, in particular:

- the list of risk factors identified and mapping of balance sheet and off-balance sheet risks, as well as economic scenarios used;
- tools for controlling the parameters of the early redemption model;
- run-off distribution agreements, definition of instruments authorized to cover balance sheet risks;
- tracking indicators (particularly stress tests and regulatory indicators), rules and frequency of reports to the Group 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 Group Risk Management division instructs requests for ALM limits defined by the Group ALM Committee, subsequently subject to validation by the Group Risk Management Committee.

More precisely, the Financial Risk Management unit controls:

- compliance of indicators calculated in accordance with the standards established by the Group ALM Committee;
- observance of limits on the basis of the required information reported.

All of these duties are the responsibility of each entity's risk management unit for its own scope and the Group Risk Management division on a consolidated level.

The ALM Risk Management department is responsible for second-level control of structural interest rate, liquidity and exchange rate risks. Made up of Financial Risk Managers of all Group affiliates and Groupe BPCE's Risk Management division, this department has three types of tasks: prevention, contribution to the risk management policy and permanent supervision of ALM risks.

As part of its management and monitoring system for structural balance sheet risks, the ALM Risk department enhanced its repository by including new management metrics, in particular those related to liquidity, in compliance with Article 17b of Committee on Banking and Financial Regulation No. 97-02.

In addition, the Group ALM standards were updated, as well as the liquidity business continuity plan (BCP), in association with the Finance division and Natixis' Finance and Risk Management divisions.

At the same time, the activities of the institutional Risk Management divisions were strengthened with the roll-out of a harmonized ALM risk reporting system. Within the Banque Populaire and the Caisses d'Epargne networks, the ALM risk division also provided tools to support the monitoring of ALM metrics in order to facilitate analysis. All institutional reporting was consolidated at the Group Risk Management division level.

Finally, the two Banque Populaire and Caisse d'Epargne networks, as well as Banque Palatine, have begun a process of convergence of tools and organizational structures, planned in the first half of 2012.

B/ LIQUIDITY AND FUNDING RISK

Liquidity risk is defined as the risk that an entity will not be able to meet its commitments or be able to settle or offset a position due to the market situation. It may occur when markets are operating normally, due to a balance sheet imbalance or a stress scenario.

The aim of Group liquidity management is to promote balanced development of core activities while complying with the regulations in effect.

Organization of liquidity risk management

Entities have autonomous control of their assets and liabilities management within the framework of the Group ALM repository defined by the Group ALM Committee and validated by the Group Risk Management Committee.

Each Group 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.

Entities therefore share the same management indicators, the same risk models including the specific characteristics of their activities and the same limits rules. Indicators are consolidated at Group level to enable the Group ALM Committee to validate management decisions at Group level.

Methodology

The liquidity risk is monitored in two ways, static and dynamic, and in two kinds of market conditions, normal and stressed.

Dynamic

Group stress indicators ensure security beyond the horizon required by regulations, with an analysis based on various levels of stress. A Group liquidity reserve has been defined and implemented in keeping with centralizing Group collateral. This reserve is adjusted depending on Group stress rules and is gradually moving toward compliance with Basel III draft directives. Deploying liquidity stress rules to all business lines takes assumptions unique to each activity into account.

The Group's liquidity usage is subject to dynamic steering of the Group's funding ability. It is reviewed monthly by using various funding scenarios for short-, medium- and long-term securitized and non-securitized resources. Steering covers liquidity usage by business lines and institutions.

Within Groupe BPCE, usage is subject to a framework formalized by an enveloped allocated each year to each of the Group's institutions and business lines. This envelope may be categorized by maturity (short-, medium- or long-term). Liquidity envelopes are set in the Group's profit centers and integrated into their budgetary procedures.

Static

The static vision aims for general balance sheet equilibrium. The ratio of coverage of assets by liabilities must be greater than 80% for more than one year, which must be measured on an annual basis. Under one year, more demanding limits for the absolute amount of mismatches control liquidity over a two-month horizon. This helps ensure compliance with the liquidity coefficient and the upcoming LCR.

The Group believes the day-to-day liquidity risk is inappropriate for its risk-management policy. The Group's consolidated day-to-day limit is €20 billion. This exposure is secured by eligible collateral in the central bank and sheltered in a fund dedicated to the Group's liquidity reserve.

Other measures complete the securing system, such as measuring resource diversification, allowing the Group to avoid excessive dependence on a single creditor.

Organization of funding activities within Groupe BPCE

The Group Finance division organizes, coordinates and supervises the funding activities of Groupe BPCE in the markets.

For short-term funding, 2011 was marked on the level of internal organization by a major step forward in terms of integration: the creation of the single treasury and central bank collateral management at the end of May. It was formed by merging the treasury teams of both BPCE and Natixis within Natixis. This integrated treasury team is capable of managing the Group's treasury much more efficiently, particularly in periods of liquidity pressure. Access to short-term market funding continues through the Group's two main issuers, BPCE and its subsidiary Natixis, but with a single operator from now on.

For medium and long-term funding requirements (more than one year), in addition to deposits from customers of the Banque Populaire and Caisse d'Epargne networks, which are the primary source of funding, the Group also issues bonds through two main operators. These are BPCE (either directly as BPCE or through BPCE SFH, which issues obligations de financement de l'habitat or OH, a category of covered bond backed by French legislation), and its subsidiary Crédit Foncier de France (essentially with the Compagnie de Financement Foncier, subsidiary of Crédit Foncier de France, which issues (obligations foncières or OF, another kind of covered bond backed by French legislation). Note that BPCE is also responsible for medium and long-term funding activities of Natixis, which is no longer a regular issuer in the markets.

BPCE has short-term funding programs (a certificate of deposit program with a ceiling of €60 billion, a Euro Commercial Paper program with a ceiling of €10 billion and a US Commercial Paper program with a ceiling of $15 billion) and medium- and long-term funding programs (a Medium-Term Note or MTN program with a ceiling of €10 billion, a Euro Medium Term Note or EMTN program with a ceiling of €40 billion and a covered bond program with a total ceiling of €40 billion, guaranteed by the home loans of the Banque Populaire and Caisse d'Epargne networks).

Funding program: 2011 achievements and 2012 outlook

2011 was marked by major economic shocks, the most striking probably being the intensification of the European sovereign debt crisis, with risk premium contagion spreading to Spain, Italy, or even France. These problems brought new pressures to funding markets, particularly starting in August, which manifested by a net increase of long-term spreads and a decrease in available volumes.

After the summer, the European Central Bank's (ECB) monetary policy was greatly relaxed, with two decreases in key interest rates to regain its historic 1% low. The ECB's actions mostly consisted of providing abundant, low-cost liquidity to banks to compensate for the interbank market drying up. On December 21, by granting banks a three-year €489 billion loan at 1% interest, the ECB profoundly improved the European banking sector's liquidity situation and eased pressures in the interbank market.

In 2011, Groupe BPCE raised a total amount of €33.8 billion (equal to 114% of the 2011 medium- and long-term funding program), with an average maturity of 5.2 years.

The Group's priorities in terms of medium- and long-term funding in the markets are to ensure sources of funding are properly diversified and to limit dependence on markets to which access may be less frequent, as shown by 2011 achievements.

The two bond components for the Group's 2010 MLT funding, which contributed up to €30.1 billion, were:

- wholesale funding, strictly speaking, up to 86% or €25.7 billion:
  - covered bonds represent close to 47% of total funds raised through bonds, for a total of over €14 billion. On May 3, 2011, BPCE SFH (Groupe BPCE's new housing finance company) issued its first bonds, raising a total of €2 billion. It was the first benchmark issuance of legal covered bonds (obligations de financement de l'habitat or OH) on the euro market,
  - senior unsecured bonds represent close to 39% of total funds raised through bonds, for a total of over €11.8 billion,
  - private placements contributed up to €7.6 billion, or 25% of total funds raised through bonds,
  - only 7% of total funds raised through bonds were in the form of public issues placed on the US market, which results in less dependence on that market;
- funding through commercial networks of up to 14%, or €4.3 billion (bonds issued by BPCE and sold through the Banque Populaire and Caisse d'Epargne commercial networks).

For the 2012 fiscal year, the medium- and long-term market funding program is reduced to €21 billion (compared to €27.3 billion in 2011). This program may essentially be achieved through issuing covered bonds and in the form of private placement, without ruling out public issues of senior unsecured bonds.

At the same time, the medium- and long-term funding program through commercial networks (with BPCE issuances sold through the Banque Populaire and Caisse d'Epargne commercial networks, as well as Crédit Foncier de France's issuances sold through other commercial networks and via internet) is €5 billion (vs. €2.2 billion in 2011).

The outstanding amount of short-term refinancing is €117 billion at December 31, 2011. The need for short-term funding in US$ from Natixis dropped by 38% between the end of June and end of December 2011 (this requirement was just $31 billion at the end of December 2011 vs. $50 billion at the end of June 2011).

Regulatory liquidity ratios

The BPCE one-month liquidity coefficient was at 105.6% at December 31, 2011, for a 100% minimum requirement.

Risk reduction techniques

As regards liquidity management, within the current framework and in a stress scenario, the most liquid assets constitute the 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 European Central Bank or even by means of their disposal.

In the case of prolonged stress, 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.

At December 31, 2011, the Group held €110 billion in liquidity reserves, of which €83 billion are unencumbered assets eligible for central bank refinancing, or likely to be so in the short term, and €27 billion of liquid assets placed with central banks at the end of December 2011. The Group also holds a significant base of securitizable assets (home loans and consumer credit) of very good quality, which allows reserves to be restored regularly.

Adapting Groupe BPCE to the new environment

Groupe BPCE has adapted to changes in the regulatory and financial environment, which has experienced rising liquidity requirements, whether they be new Basel III regulatory restraints or pressure and uncertainty over liquidity and funding generated by the sovereign debt crisis.

Faced with these increased requirements, adaptation measures are monitored for all Group subsidiaries so that the commercial, financial and technical domains learn these new rules and constraints in the way that is most profitable for the Group. As an example, in 2011 the Group continued to increase balance sheet savings (excluding centralized savings) in its networks (+8.8% for Banque Populaire banks and +8.5% for Caisse d'Epargne). The ratio of coverage of customer assets by liabilities within the scope of the two networks therefore came out to 117% at December 31, 2011, vs. 119% at June 30, 2011.

Groupe BPCE also set a liquidity requirement reduction goal of €25 to €35 billion by the end of 2013. The Group's liquidity needs were significantly reduced in the second half of 2011: €11 billion, or a third of the goal, was already achieved by the end of 2011, in particular following the sale of assets or financial assets (€1.6 billion for CIB, €2.2 billion for GAPC, or Workout portfolio management, and €3.6 billion for Commercial Banking and Insurance).

C/ INTEREST RATE RISK

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 risks.

Interest rate risk management

Interest rate risk is controlled by a system of indicators and limits defined by the Group ALM Committee. Instruments authorized to hedge it are strictly vanilla (unstructured), excluding any sale of options and favoring accounting that does not impact the consolidated Group results.

Methodology

This risk is monitored both statically and dynamically. It measures structural risks on the balance sheet, excluding any kind of independent risk (trading, own accounts, etc.) The Group aims for controlled risk and predictable, constant results.

For static monitoring, gap limits are based on calculating interest-rate gaps common to the whole Group. These limits decrease over time and are calibrated to take business-line features into account.

For retail banking, optionality related to customer behavior is reported in gaps under their delta equivalent. For Commercial Banking, outstanding assets considered must include contract schedules and the impact of modes of behavior modeled as rates. In particular, this refers to the risk of financial early redemption, risk related to home savings, and the conventional outflow of unscheduled customer resources based on statistical work. The outflow of equity and investment is subject to a conventional rule unique for all institutions.

Risk is also analyzed dynamically by simulating future income in a central interest-rate scenario established by Group economists.

2011 exposures

Most of the Group's interest-rate gap is held by Commercial Banking and primarily with the networks. This gap is relatively stable over time and complies with internal limits.

in billions of euros	**1/1/2012 to 12/31/2012**	**1/1/2013 to 12/31/2016**	**1/1/2017 to 12/31/2020**
Gaps	(15.20)	(17.27)	(8.36)

The sensitivity of the projected interest-rate margins at September 30, 2011, for the group formed by the Banque Populaire and Caisse d'Epargne networks and Crédit Foncier de France is -1.2% for the first year in the most unfavorable scenario, which is a flattened yield curve (increase of 100 basis points for short-term rates and drop of 100 basis points for long-term rates).

D/ STRUCTURAL 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' 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 as well as solvency. The resulting risk indicators are submitted to the Group ALM Committee on a quarterly basis.

3.1.10 Risk related to equities for the banking book

Non-trading portfolios with equity risk consist mainly of listed equities, unlisted equities and investment fund shares.

For investments in funds, a specific monitoring process was implemented in the Banque Populaire and Caisse d'Epargne networks as well as the subsidiaries (excluding Natixis), which now 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 divisions (audit trail of opinions of the various parties in the investment request process);
- analysis of all Group funds and annual scoring by the 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.

Risk-weighted assets in the equity category

Breakdown of weighting of equities

in millions of euros	Outstanding at 12/31/2011	Outstanding at 12/31/2010
150%	1,265	1,239
190%	2,593	1,981
290%	1,608	3,009
370%	3,810	3,755
Other weightings	2,780	3,952
TOTAL	**12,056**	**13,936**

The weight of funds reviewed for transparency ("Other weightings") decreased in 2011.

3.1.11 Operational risk

A/ DEFINITION

Groupe BPCE's operational risk management relies on a series of methods based on the Group Risk Management Charter.

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 Risk Management division are structured around:

- a risk map based on uniform valuation standards across the entire Group. The Risk Management division works in collaboration with the Compliance and Security division to include non-compliance risk, in accordance with the Group's charters;
- the 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.);
- the monitoring of risk coverage (plans of action, business continuity plan, insurance);
- the 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/ ACHIEVEMENTS 2011

In 2011, major work in several areas was carried out:

- the detailed risk repository shared by both networks was enhanced with the addition of non-compliance risks in order to make a unique risk map available. The main objective of this project was to have an overall, harmonized and consolidated vision of risks for all of the Group's institutions;
- as part of reinforced monitoring of operational risk systems, documents were established for each institution that lay out the main characteristics of its operational risk system, particularly the workforce dedicated to the function, the scope covered by the system and the operational risk management tool, the composition of the operational risk management committee and the frequency of its meetings, risk monitoring (mapping, risks to steer and action plans) and monitoring of incident gathering;
- likewise, the permanent control system was reinforced by defining a plan for standard controls for the operational risk function. Defined by a task force uniting various representative institutions within the Group, the proposed model control sheets should allow best practices to be shared as well as providing Group-level consolidation of the various controls performed on parts of the operational risk system: incident gathering (quality, exhaustiveness and alerts), COREP statements, mapping (scope, scoring consistency, etc.), indicators, risks to steer, action plans, etc.;
- an initial version of a merged operational risk management tool for the two networks (Banque Populaire and Caisse d'Epargne) and the subsidiaries has been delivered by the developer. The necessary acceptance testing and change management have been undertaken and allowed deployment to begin. The tool is already deployed in the Banque Populaire network;
- automatic production based on the operational risk datamart and consolidated or detailed quarterly or semi-annual reports was strengthened during 2011. These various reports allowed corrective action plans to be defined at Group level, particularly for cross-business incidents;
- a task force composed of institutions representing the two networks was launched to define risk indicators common to all Groupe BPCE institutions. Information about these risks will be provided by the operational risk management tool;
- finally, for the central institution, the operational risk system was strengthened through awareness-raising activities and training for Operational Risk Managers (MRO). Risk-mapping scope was extended and enhanced by new scores.

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 Non-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 on a quarterly basis. Its permanent members are: BPCE's COO who acts as Chairman, a Chairman of Caisse d'Epargne's Management Board, a Chief Executive Officer of a Banque Populaire, the Group Risk Management Director, and the Group Compliance and Security Director. Committee meetings are also attended by Natixis' Risk Management Director and Groupe BPCE's Head of Audit.

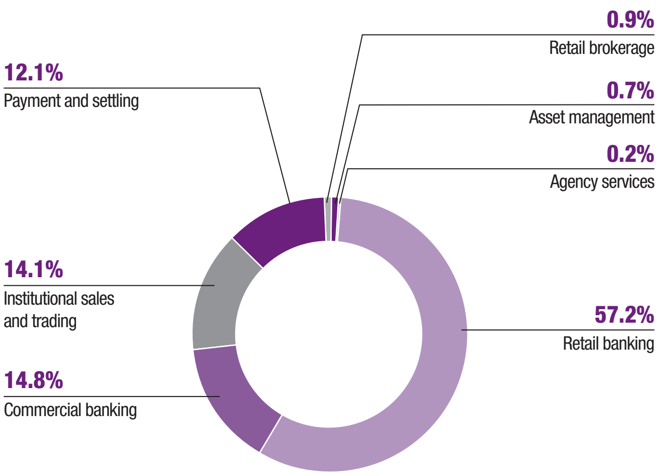
This Committee brings together the different concerned business lines (Compliance, Information Systems Security, BCP and Financial Review) and reports to the Group Risk Management Committee, and its main duties are:

- to validate the unique mapping of operational risk at Group level;
- to validate action plans;
- to prepare consolidated reports of losses, incidents and alerts.

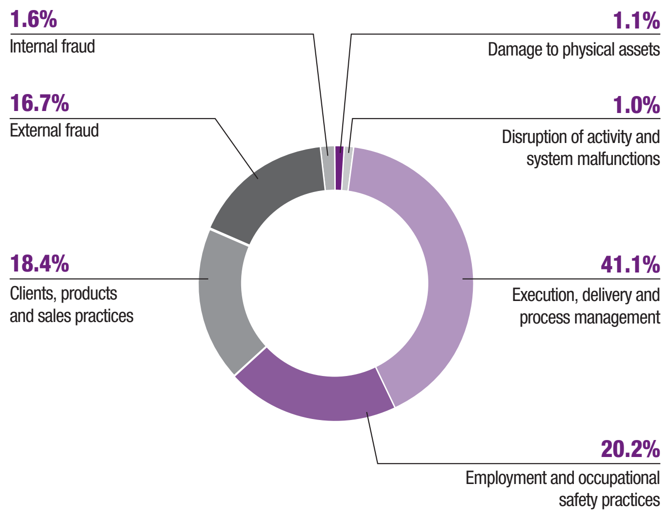
E/ DEVELOPMENT OF GROUPE BPCE LOSSES

The Group's gross operational losses show a slight increase in 2011 compared to 2010.

Breakdown of gross losses by Basel business line



Breakdown of gross losses by Basel category



Over 85% of Groupe BPCE's losses were distributed among the following three business lines:

- retail banking (57.2%);
- Commercial Banking (14.8%);
- institutional sales and trading (14.1%).

F/ WARNING PROCEDURE FOR INCIDENTS

The warning procedure for serious incidents has been extended to the entire scope of Groupe BPCE. 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). Operational risk incidents with a material impact on the image and reputation of the Group or its subsidiaries are also deemed to be "serious".

This procedure therefore encompasses material operational risks within the meaning of Article 17b of CRBF Regulation 97-02, for which the minimum threshold is set at 0.5% of Tier-1 capital.

3.1.12 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/ MANAGEMENT OF SECURITIZATION

Group outstandings totaled €44.8 billion at December 31, 2011, with a high predominance of Natixis (50% of total outstandings) and Crédit Foncier de France (44% of Group outstandings). The investor securitization exposures contained in the GAPC workout portfolio and own-account securitization positions of the former Caisse Nationale des Caisses d'Epargne (CNCE) and of Crédit Foncier de France are all managed on a run-off basis in accordance with the Group's strategic policies.

This means that no further subscriptions are possible and that all outstanding positions will gradually be run down but will continue to be managed (including disposals) to safeguard the interests of the Group.

More generally, the Risk Management division carries out regular reviews of securitization exposures (quarterly mapping), changes in the structure of portfolios, RWA and potential losses. Regular assessments of potential losses are discussed at an umbrella committee meeting, as are disposal opportunities.

Alongside these, dedicated teams carry out *ad hoc* investigations into the likely effect of risk factors including changes in default and recovery rates on potential losses and the evolution of RWA.

Finally, major exposures are systematically submitted to the Group Watchlist and Provisions Committee to determine the appropriate level of provisioning.

B/ BREAKDOWN OF SECURITIZATION ACTIVITIES

1) Breakdown of total outstandings

BREAKDOWN OF OUTSTANDINGS BY TYPE OF SECURITIZATION

	Banking book			
	12/31/2011		12/31/2010	
in millions of euros	Outstandings	EAD	Outstandings	EAD
Conventional securitization	38,488	38,355	41,989	40,321
Synthetic securitization	206	206	6,557	6,557
TOTAL	**38,694**	**38,561**	**48,545**	**46,877**

Trading book *in millions of euros*	12/31/2011
EAD	**6,133**

BREAKDOWN OF OUTSTANDINGS BY RISK WEIGHT CATEGORY

	12/31/2011			
EAD	Banking portfolio handled under the IRB approach		Trading book	
in millions of euros	Securitization	Resecuritization	Securitization	Resecuritization
7% - 10%	6,960		229	
12% - 18%	4,244		2,195	
20% - 35%	1,948	72	1,931	25
40% - 75%	603	93	222	253
100%	86			259
150%		13		
200%				
225%		1		135
250%	66		6	
300%				
350%		9		
425%	170		8	
500%		16		
650%	21	46	1	37
750%				
850%				
1250% including capital deduction	1,608	305	359	472
Transparency approach	499	153		
Supervisory formula approach	6	20		
TOTAL	**16,212**	**728**	**4,951**	**1,182**

EAD *in millions of euros*	12/31/2011 Banking book handled under the standardized approach Securitization
20%	15,500
40%	0
50%	3,327
100%	1,171
225%	0
350%	1,060
650%	0
1250%	101
Transparency approach	462
TOTAL	**21,621**

2) Banking book securitization

BREAKDOWN OF INVESTOR SECURITIZATION OUTSTANDINGS

	12/31/2011			
	Banking book			
	Securitization	Resecuritization	Securitization	Resecuritization
in millions of euros	EAD	EAD	RWA	RWA
Balance sheet exposure	28,379	494	11,748	531
Off-balance sheet exposure	4,435	82	888	25
TOTAL	**32,814**	**575**	**12,636**	**556**

BREAKDOWN OF INVESTOR SECURITIZATION OUTSTANDINGS BY PRINCIPAL CATEGORIES OF UNDERLYING ASSETS

as a percentage	12/31/2011
RMBS	59%
CDO	20%
ABS	17%
Other	4%
TOTAL	**100%**

BREAKDOWN OF INVESTOR SECURITIZATION OUTSTANDINGS BY RATING

as a percentage	12/31/2011 Standard & Poor's-equivalent rating	12/31/2011 Banking book
	AAA	37%
	AA+	12%
	AA	5%
	AA-	14%
	A+	6%
	A	4%
	A-	5%
	BBB+	2%
	BBB	4%
Investment grade	BBB-	1%
	BB+	3%
	BB	1%
	BB-	0%
	B+	1%
	B	1%
	B-	1%
	CCC+	0%
	CCC	1%
	CCC-	1%
	CC	1%
Non investment grade	C	1%
Unrated	Unrated	0%
Default	D	0%
TOTAL		**100%**

BREAKDOWN OF ORIGINATOR SECURITIZATION OUTSTANDINGS

	12/31/2011			
	Banking book			
	Securitization	Resecuritization	Securitization	Resecuritization
in millions of euros	EAD	EAD	RWA	RWA
Balance sheet exposure	442	153	80	51
Off-balance sheet exposure	0	0	0	0
TOTAL	**442**	**153**	**80**	**51**

BREAKDOWN OF SPONSOR SECURITIZATION OUTSTANDINGS

	12/31/2011			
	Banking book			
	Securitization	Resecuritization	Securitization	Resecuritization
in millions of euros	EAD	EAD	RWA	RWA
Balance sheet exposure	0	0	0	0
Off-balance sheet exposure	4,577	0	731	0
TOTAL	**4,577**	**0**	**731**	**0**

3) Trading book securitization [1]

BREAKDOWN OF INVESTOR AND SPONSOR SECURITIZATION OUTSTANDINGS [2]

	12/31/2011			
	Trading book			
	Securitization	Resecuritization	Securitization	Resecuritization
in millions of euros	EAD	EAD	RWA	RWA
Investor	4,283	885	815	735
Sponsor	668	297	131	274
TOTAL	**4,951**	**1,182**	**946**	**1,009**

BREAKDOWN OF INVESTOR AND SPONSOR SECURITIZATION OUTSTANDINGS BY PRINCIPAL CATEGORIES OF UNDERLYING ASSETS

as a percentage	12/31/2011
CDO	89%
ABS	5%
RMBS	4%
Other	2%
TOTAL	**100%**

(1) *Without taking into account the guarantee extended by BPCE to Natixis on the GAPC.*

(2) *No originator positions in the trading book.*

BREAKDOWN OF INVESTOR AND SPONSOR SECURITIZATION POSITIONS BY RATING

en pourcentage	12/31/2011	
	Standard & Poor's-equivalent rating	**Banking book**
	AAA	37%
	AA+	19%
	AA	1%
	AA-	13%
	A+	2%
	A	5%
	A-	5%
	BBB+	0%
	BBB	3%
Investment grade	BBB-	0%
	BB+	0%
	BB	1%
	BB-	0%
	B+	0%
	B	1%
	B-	0%
	CCC+	0%
	CCC	0%
	CCC-	2%
	CC	2%
Non investment grade	C	5%
Unrated	Unrated	4%
Default	D	0%
TOTAL		**100%**

C/ DEFINITION

Conventional securitization: this consists of the transferral 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.

Synthetic securitization: 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.

Securitization position: exposure to a securitization transaction or arrangement.

Liquidity line: the securitization position resulting from a financing agreement with the aim of ensuring the temporary nature of payment flows to investors.

Originator: either an entity which, either itself or through related entities, directly or indirectly, was involved in the original agreement which created the obligations of the debtor or potential debtor and which give rise to the securitization operation or arrangement; or an entity that purchases a third party's exposures onto its balance sheet and then securitizes them.

Sponsor: an entity, other than the originator, that establishes and manages an asset-backed commercial paper program, or other securitization operation or arrangement that purchases exposures from third-party entities.

Investor: all of the securitization positions invested in by the Group in which it does not act as originator or sponsor. These are mainly tranches acquired in programs initiated or managed by external banks.

3.2 Legal risks

3.2.1 Legal and regulatory issues and constraints

Groupe BPCE is subject to significant legislation in France and many other countries in which it operates. Regulatory measures and changes to these regulations could have a negative effect on Groupe BPCE's activities and profits.

The Banque Populaire and Caisse d'Epargne networks carry out their activities in France. Groupe BPCE also operates in many countries. Groupe BPCE is subject to several regulatory regimes and supervision by the authorities in each country where it operates. Aside from damaging Groupe BPCE's reputation, a failure to comply with regulations would expose the Group to significant interference from regulatory authorities, fines, warnings published by the authorities, suspension of activities, or even, in extreme cases, a withdrawal of approval for Groupe BPCE's activities. The financial services sector has come under increased control by regulatory authorities over the past several years, as well as an increase in fines and penalties inflicted by such authorities, a trend that could accelerate in the current financial context. Groupe BPCE's activities and profits could be affected by various measures and decisions made by regulatory authorities in France, the European Union, foreign governments or international organizations. Such constraints could limit Groupe BPCE's ability to develop its business lines or pursue certain activities. The nature and impact of any regulatory decisions or changes in policy are unpredictable and there is no way for Groupe BPCE to control them.

Such changes could, among other things, be related to the following:

- monetary policy, interest rate policy and other central-bank and regulatory-authority policies;
- general development of governmental or regulatory policies that are likely to significantly influence investor decisions, particularly in markets where Groupe BPCE is active;
- general development of regulatory requirements, particularly prudential regulations regarding capital adequacy such as changes currently being made to regulation that implement the requirements of Basel III, Solvency 2 and the Dodd-Franck Act;
- changes to rules and procedures relating to internal controls;
- changes to the competitive environment and to prices;
- changes to financial reporting rules;
- expropriation, nationalization, price regulations, currency exchange regulations, asset confiscation and changes to the law governing foreigners' property rights; and
- any negative developments in the political, military or diplomatic situation creating social instability or an uncertain legal backdrop that is liable to affect demand for products and services offered by Groupe BPCE.

Tax legislation and its application in France and in countries where Groupe BPCE operates is likely to have significant impact on Groupe BPCE's profits.

As a multinational banking group that carries out complex and important international transactions, Groupe BPCE (particularly Natixis) is subject to tax legislation in a large number of countries throughout the world, and globally structures its activity in order to optimize its effective tax rate. Changes to tax laws or their application by the relevant authorities in these countries could significantly impact Groupe BPCE's profits. Groupe BPCE has established management methods with the aim of creating value based on the synergies between and commercial abilities of its various entities. Groupe BPCE is also trying to structure financial products sold to its clients to maximize their tax advantages. The structure of Groupe BPCE's intra-group transactions and of financial products sold by Groupe BPCE are based on its own interpretations of applicable tax regulations and laws, generally based on opinions given by independent tax experts and occasionally, as needed, on approval or specific interpretations from the tax authorities. It is possible that in future tax authorities may question some of these interpretations, following which Groupe BPCE could be subject to tax re-assessments.

Reputational and legal risk could unfavorably impact Groupe BPCE's profitability and commercial prospects

Groupe BPCE's reputation is crucial for attracting and keeping its clients. The use of inappropriate means to promote and sell its products and services, inadequate management of potential conflicts of interest, legal and regulatory requirements, compliance issues, money-laundering laws, information security policies and sales and transaction procedures could damage Groupe BPCE's reputation. Its reputation could also be harmed by inappropriate employee behavior, fraud or malpractice committed by financial sector participants to which BPCE is exposed, any decrease, restatement or correction of financial results, or any legal or regulatory action with a potentially unfavorable outcome. Any damage to Groupe BPCE's reputation could be accompanied by a decrease in business that is likely to weigh on its results and financial situation.

Inadequate management of these problems could also give rise to additional legal risk for Groupe BPCE and increase the number of legal proceedings and the amount of damages and interest sought from the Group. It could also expose the Group to sanctions from regulatory authorities.

3.2.2 Legal and arbitration proceedings – BPCE

CAISSE D'EPARGNE ÎLE-DE-FRANCE (CEIDF)

In a judgment given by the judge in chambers 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 institution, BPCE.

The CEIDF referred the case on its merits to the Court of First Instance and launched an appeal of the ruling by the Court of Appeal.

On October 27, 2009, the Paris Court of First Instance ruled that CEIDF's management did regularly inform the works council in relation to the planned project. The trade union organizations and the works council have lodged an appeal against this decision.

On October 28, 2010, the Court of Appeal judge in charge of the pre-trial hearing gave a ruling establishing the inadmissibility of the actions of the trade unions (as the works council declined to pursue the matter). The trade unions have referred this ruling to the full bench. The Court of Appeal upheld the ruling establishing the inadmissibility of the actions of the trade unions on May 19, 2011.

An appeal against the Court's May 19, 2011 ruling was launched on August 10, 2011 by the CGT union of CEIDF staff. The case is still pending.

At December 31, 2011, no provision has been set aside for this dispute.

DEMINOR SUMMONS

Entities concerned: BPCE and Natixis SA

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' 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.

The case was referred to the Bobigny Commercial Court by a ruling given by the first Chairman of the Paris Commercial Court on March 2, 2010.

On November 22, 2011, a ruling given by the Bobigny Commercial Court nullified the summons delivered on December 31, 2009.

At December 31, 2011, no provision has been set aside for this dispute.

DOUBL'Ô – DOUBL'Ô MONDE FCP MUTUAL FUND

Entities involved: certain Caisses d'Epargne summoned individually and BPCE for the class action lawsuit by Collectif Lagardère.

Certain clients have held mediation procedures with the former Caisse d'Epargne Group's mediator or the AMF's mediator.

Civil procedures

Individual summons of Caisses d'Epargne.

Individual legal actions have also been initiated against certain Caisses d'Epargne:

Total claims relating to lawsuits in progress relating to Caisses d'Epargne: around €2,700,000 (this is not exhaustive as it is based on information provided by the Caisses d'Epargne).

Lagardère class action:

Collectif Lagardère launched legal action against Caisses d'Epargne Participations (now BPCE) in August 2009 for compensation for the damages caused by its alleged failures to fulfill its obligations to provide information, advice and warning for the sale of Doubl'o and Doubl'o Monde mutual fund shares by the Caisses d'Epargne.

These have resulted in one legal proceeding before the magistrate's court of the 7th arrondissement in Paris and two legal proceedings before the Paris Court of First Instance.

The lawsuit covers the interests of 315 clients.

In all, €6,494,393.82 is being claimed.

A ruling given by the magistrate's court of the 7th arrondissement in Paris on September 6, 2011, declared the plaintiffs' action inadmissible due to a lack of standing against BPCE.

At December 31, 2011, no provision has been set aside for this dispute.

Criminal action

Caisse d'Epargne Loire Drôme Ardèche was advised on January 7, 2010 of a judicial inquiry against it for misleading advertising relating to the Doubl'o mutual fund. Caisse d'Epargne Loire Drôme Ardèche was referred to the Saint-Etienne Criminal Court. No timetable has been set at this time.

3.2.3 Legal and arbitration proceedings – 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, a wholly-owned subsidiary of Natixis Global Management, 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 LP and the plaintiffs filed a motion for summary judgment.

On February 27, 2007, the judge accepted all aspects of the Harris Associates LP's petition 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, 2010.

In a ruling dated March 30, 2010, the US Supreme Court referred the case to the Court of Appeals for the Seventh Circuit so that the Court can determine whether the District Court's decision in favor of Harris Associates LP should be overturned or confirmed.

CLASS ACTIONS IN THE UNITED STATES RELATING TO MUNICIPAL GUARANTEED INVESTMENT CONTRACTS

Entities 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. Most of 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.

The class actions, in which Natixis Funding is one of the 13 suppliers or brokers of derivatives, continued, with the applications to dismiss the requests of the claimants having been rejected on March 25, 2010.

The municipal guaranteed investment contracts trial, acting individually against the 40 defendants, of which Natixis Funding and Natixis will also continue, with the applications to dismiss the requests of the claimants having been rejected on April 26, 2010.

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. The defendants responded to all the complaints filed by the plaintiffs. The parties entered the phase of legal proceedings relative to discovery, the scope of which is currently being negotiated. The coming months will be dedicated to the requests for discovery and review of documents by the plaintiffs. At the same time, the parties will prepare for the most important aspect of the legal proceedings; an attempt to obtain certification as a class action by the plaintiffs. The claimants are currently hiring an Economist and Statistician to analyze the data for all the transactions and prepare the arguments against certification as a class action. During this time, the public prosecutors of the 26 States and the Department of Justice will continue their investigations. At this stage, no compensation has been claimed.

MADOFF AFFAIR

Entity concerned: Natixis SA

Outstanding Madoff assets, net of insurance, are estimated at €380 million at December 31, 2011, and are fully provisioned at this time. The effective impact of this exposure will depend on both the extent of recovery of assets invested in Natixis' name and the outcome of the measures taken by the bank, primarily legal. With this in mind, Natixis has appointed law firms to assist it in these recovery efforts. Moreover, in 2011, a dispute has emerged over the application of the insurance contract for professional liability in this case. Irving H. Picard, the trustee for the liquidation of Bernard L. Madoff Investments Securities LLC ("BMIS") filed a complaint in the United States Bankruptcy Court for the Southern District New York, against several banking institutions, including €400 million in claims against Natixis. Natixis is disputing the complaints lodged against it and intends to take the necessary measures to defend itself and safeguard its rights. The case is in progress before the Bankruptcy Court for the Southern District of New York.

Furthermore, the liquidators of Fairfield Sentry Limited and Fairfield Sigma Limited have initiated a large number of proceedings against investors who had previously received payment from these funds as share redemptions (over 200 proceedings were filed in New York). Certain Natixis entities are involved as defendants in some of these lawsuits. Natixis considers these lawsuits to be completely without basis and intends to defend itself vigorously.

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 and, consequently, payment of around €28 million by Natixis to the claimants, in exchange for return of the EADS shares to Natixis.

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. The ruling of April 28, 2011 by the Paris Court of Appeal upheld the initial decision to dismiss the claimants' case. An appeal of the ruling has been launched by CIC and Crédit Mutuel.

COORDINATED FILING OF COMPLAINTS BY THE ADAM

Entity concerned: Natixis SA

In March 2009, a preliminary inquiry 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)*. As plaintiffs are filing a civil action in a criminal proceeding, a judicial inquiry has been opened and is still ongoing.

ANAKENA/MAXIMUS

Entity concerned: Natixis SA

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 redeem its investment in the middle of the financial crisis. On January 27, 2012, a ruling given by the Paris Commercial Court dismissed most of Anakena's and Maximus' claims and ordered them to pay Natixis €10,000 in compensation under Article 700 of the French Code of Civil Procedure. On February 13, 2012, Anakena and Maximus launched an appeal of the January 27, 2012, ruling.

TUSCAN REGIONAL GOVERNMENT

Entity concerned: Natixis SA

On December 21, 2010, Natixis' Milan Branch received a Notice of Payment into Court *(Decreto Di Sequestro Preventivo)* for the sum of €2.2 million. This notice was requested as a preventive measure within the framework of a lawsuit launched against Natixis and other banks by the Counsel of Florence with respect to derivative transactions that the Counsel deems were concluded by these banks with the Tuscan regional government and which generated unlawful profits.

On December 27, 2011, the Tuscan regional government informed Natixis that it was launching a process that would retroactively cancel swaps established by Natixis with the regional government in 2002 as well as the novation of one of them. It is still too early to judge the merits of the Tuscan regional government's case. The Tuscan regional government's claim has not yet been assessed.

COMMUNE OF SANARY-SUR-MER

Entity concerned: Natixis SA

On August 5, 2011, the commune of Sanary-sur-Mer summoned Natixis and other defendants before the Toulon Administrative Court to pay a total of €83 million due to the loss of investments planned by the commune and the loss of contributions planned for the commune's budget following the abandonment of a project to build a casino-hotel complex in the commune. Natixis intends to contest the merits of the claim filed against it. In addition, considering that, as part of the construction project, Natixis confirmed its commitment to issue a bank completion guarantee in the amount of €20 million, it intends at least to limit its potential liability in this case to this amount and on this basis alone, although even on this point Natixis considers the case against it to be unfounded.

AMF INVESTIGATION

Entity concerned: Natixis SA

On January 6, 2010, Natixis received a notice of grievance for a failure to comply with market reporting procedures . On April 11, 2011, the AMF's Enforcement Committee issued a warning and fined Natixis €500,000. Natixis is appealing this decision before the French Council of State.

In addition, following an investigation carried out between April 2010 and April 2011, the AMF's Enforcement Committee issued a decision establishing a fine on July 4, 2011, ordering a former Natixis subsidiary to pay a fine of €250,000. The Enforcement Committee's grievances against this subsidiary are that (a) during a facilitation project, it abused and exploited information about an order awaiting execution, (b) it failed its duty by favoring its own counterparty interests as part of negotiating disputed transactions and (c) it failed to comply with the requirement to declare suspicious transactions to the AMF. The Enforcement Committee also accuses the former subsidiary of failing its duties by not providing its Compliance department with an IT application that was effective enough to detect market abuses. Natixis has not appealed this decision.

NATIXIS ASSET MANAGEMENT (FORMERLY CDC GESTION) – EMPLOYEE PROFIT-SHARING

Entity concerned: Natixis Asset Management

On January 5, 2012, Natixis Asset Management was summoned before the Paris Court of First Instance by 187 former employees of CDC Gestion (now known as Natixis Asset Management). The goal of this summons is to recognize their rights under a common-law profit-sharing plan for the 1989-2001 fiscal years. The hearing date has not yet been set.

3.3 Financial Stability Forum recommendations concerning financial transparency

3.3.1 Groupe BPCE exposure (excluding Natixis) at December 31, 2011

UNHEDGED SENSITIVE CDO EXPOSURES

ABS CDOs exposed to the US residential market

ABS CDOs with a subprime component presented gross exposure of €11 million as at December 31, 2011.

in millions of euros	Total
Net exposure at December 31, 2010	**7**
Impairment in 2011	(3)
Other changes	(4)
NET EXPOSURE AT DECEMBER 31, 2011	**0**
Gross exposure at December 31, 2011	11

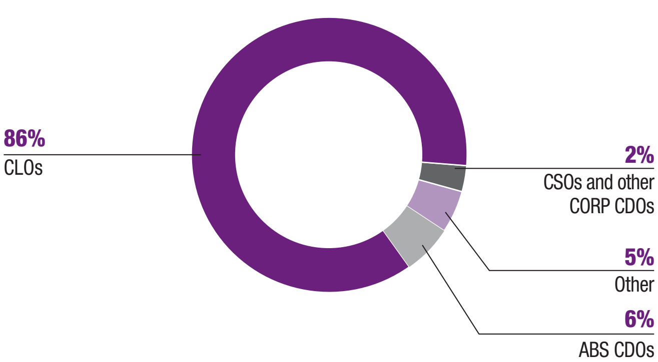
The Group's net exposure decreased in 2011, primarily due to sales of securities.

Other CDOs

Exposure by asset type	12/31/2011		12/31/2010	
in millions of euros	Gross exposure	Net exposure	Net exposure	Change 2011/2010
ABS CDOs	94	80	144	(63)
TruPS CDOs	4	0	36	(36)
CLOs	1,105	1,087	1,221	(134)
CSOs and other CORP CDOs	88	32	91	(59)
Other items	98	70	170	(100)
TOTAL	**1,390**	**1,270**	**1,662**	**(392)**

Over 85% of the Group's exposure to other CDOs concerns CLOs.

BREAKDOWN OF NET EXPOSURE AT DECEMBER 31, 2011



BREAKDOWN BY ACCOUNTING PORTFOLIO – OTHER CDOS

	12/31/2011		12/31/2010	
in millions of euros	Amounts	Percentage (%)	Amounts	Percentage (%)
Trading book	13	1%	13	1%
Fair value option asset portfolio	38	3%	138	8%
Loans and receivables portfolio	1,133	89%	1,371	83%
Available-for-sale assets portfolio	86	7%	140	8%
TOTAL	**1,270**	**100%**	**1,662**	**100%**

BREAKDOWN BY RATING – OTHER CDOS

	12/31/2011		12/31/2010	
in millions of euros	Amounts	Percentage (%)	Amounts	Percentage (%)
AAA	121	10%	129	8%
AA	695	55%	742	45%
A	242	19%	230	14%
BBB	125	10%	294	18%
BB	10	1%	100	6%
B	0	0%	14	1%
CCC	8	1%	74	4%
CC	0	0%	4	0%
C	0	0%	0	0%
D	0	0%	0	0%
NR	68	5%	75	5%
TOTAL	**1,270**	**100%**	**1662**	**100%**

Protection purchased from counterparties to hedge CDO exposures

	At 12/31/2011			At 12/31/2010		
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	**456**	**(96)**	**96**	**479**	**(106)**	**106**

These exposures fit in with the negative base trade strategies concerning three separate transactions:

- two senior tranches of European CLOs rated AAA/AA+ and AAA/AA- by two ratings agencies;
- a senior tranche senior of a European ABS CLO rated AA/B+ by two ratings agencies.

Protection purchased from monoline insurers

Protection purchased from credit enhancers by Crédit Foncier de France are included for the appraisal of hedged instruments of up to €345 million.

CMBS EXPOSURE

BREAKDOWN OF EXPOSURE BY ACCOUNTING PORTFOLIO - CMBS

	12/31/2011		12/31/2010	
in millions of euros	Gross exposure	Net exposure	Net exposure	Change 2011/2010
Trading book	2	2	8	(6)
Fair value option asset portfolio	0	0	0	0
Loans and receivables portfolio	294	362	307	(13)
Available-for-sale assets portfolio	60	63	80	(20)
TOTAL	**356**	**427**	**395**	**(39)**

The net exposure declined by 10% in 2011.

BREAKDOWN OF NET EXPOSURE BY RATING - CMBS

	12/31/2011		12/31/2010	
in millions of euros	Amounts	Percentage (%)	Amounts	Percentage (%)
AAA	68	19%	293	74%
AA	139	39%	22	6%
A	74	21%	12	3%
BBB	35	10%	22	5%
BB	0	0%	9	2%
CCC	5	1%	2	1%
CC	35	10%	35	9%
TOTAL	**356**	**100%**	**395**	**100%**

BREAKDOWN OF NET EXPOSURE BY REGION - CMBS

as a %	12/31/2011	12/31/2010
Germany	8%	11%
France	27%	25%
Italy	6%	5%
United Kingdom	20%	18%
Rest of Europe	39%	41%
TOTAL	**100%**	**100%**

The risk is limited as the majority of the exposure is rated AAA or AA. The entire CMBS portfolio is in Europe.

RMBS EXPOSURE

BREAKDOWN BY ACCOUNTING PORTFOLIO – SPANISH RMBS

	12/31/2011		12/31/2010	
in millions of euros	Gross exposure	Net exposure	Net exposure	Change 2011/2010
Trading book	2	2	2	0
Loans and receivables portfolio	4	4	4	0
Available-for-sale assets portfolio	218	202	242	(40)
TOTAL	**223**	**208**	**248**	**(41)**

BREAKDOWN BY RATING – SPANISH RMBS

	12/31/2011		
in millions of euros	AAA	AA	A
Trading book	0	2	0
Loans and receivables portfolio	2	1	1
Available-for-sale assets portfolio	101	86	14
TOTAL	**103**	**89**	**15**

BREAKDOWN BY ACCOUNTING PORTFOLIO – UK RMBS

	12/31/2011		12/31/2010	
in millions of euros	Gross exposure	Net exposure	Net exposure	Change 2011/2010
Loans and receivables portfolio	15	15	16	(1)
Available-for-sale assets portfolio	142	141	189	(48)
TOTAL	**157**	**156**	**206**	**(49)**

BREAKDOWN BY RATING – UK RMBS

	12/31/2011		
in millions of euros	AAA	AA	A
Loans and receivables portfolio	15	0	0
Available-for-sale assets portfolio	135	6	0
TOTAL	**150**	**6**	**0**

3.3.2 Natixis' exposure at December 31, 2011

EXPOSURE TO ABS CDOS WITH A SUBPRIME COMPONENT

in millions of euros	Total exposure
Net exposure at December 31, 2010, after impairment	**625**
Changes in exposures (liquidation, reimbursement and exchange rate)	(212)
Impairment in 2011	(36)
NET EXPOSURE AT DECEMBER 31, 2011	**377**

ABS CDOs with a subprime component presented gross exposure of €1,266 million as at December 31, 2011.

Impairment losses of €36 million were booked (excluding the effect of the BPCE guarantee) during 2011, bringing total cumulative impairment to €889 million.

EXPOSURE TO CREDIT ENHANCERS

	At December 31, 2011			At December 31, 2010		
in millions of euros	Notional amount	Exposure before value adjustments	Value adjustments	Notional amount	Exposure before value adjustments	Value adjustments
Subprime CDOs protection	404	179	(140)	431	160	(137)
CLO protection	4,609	168	(89)	5,346	213	(128)
RMBS protection	327	63	(27)	541	93	(42)
CMBS protection	464	10	(9)	717	24	(22)
Other risks	8,069	1,936	(1,309)	8,839	2,639	(1,757)
TOTAL	**13,873**	**2,356**	**(1,573)**	**15,874**	**3,129**	**(2,086)**

in millions of euros	December 31, 2011	December 31, 2010
Exposure before value adjustments	2,356	3,129
Value adjustment	(1,573)	(2,086)
Residual exposure	**783**	**1,043**
Percentage discount	67%	67%

The additional write-down decreased in 2011 by €513 million (excluding the effect of the BPCE guarantee), bringing total write-downs to €1,573 million at December 31, 2011 compared with €2,086 million at December 31, 2010.

PORTFOLIOS OF US RMBS, INCLUDING SUBPRIME RMBS

BREAKDOWN BY ACCOUNTING PORTFOLIO – US RMBS

Exposures in the financial statements at December 31, 2011, are as follows:

in millions of euros	Net exposure at 12/31/2010	Changes in value 2011	Other changes	Net exposure at 12/31/2011
Trading book	11	(1)	(5)	5
Fair value option asset portfolio	0	0	0	0
Loans and receivables portfolio	1,245	(90)	(252)	903
Available-for-sale assets portfolio	0	0	0	0
Non-wrapped	**1,256**	**(91)**	**(257)**	**908**
Trading book	12	(1)	(1)	10
Loans and receivables portfolio	353	8	(116)	245
Wrapped	**365**	**7**	**(117)**	**255**
Trading book	8	0	(1)	5
Loans and receivables portfolio	2,025	0	(922)	1,103
US Agencies	**2,033**	**0**	**(924)**	**1,109**
TOTAL	**3,654**	**(84)**	**(1,298)**	**2,272**

BPCE guaranteed net exposure percentage: 35%

Breakdowns by rating and by type of underlying asset of US RMBSs were as follows at December 31, 2011.

BREAKDOWN BY RATING – US RMBS

as a percentage	12/31/2011
AAA	50%
AA	8%
A	2%
BBB	1%
BB	1%
B	3%
CCC	14%
CC	8%
C	8%
D	5%
NR	0%
TOTAL	**100%**

BREAKDOWN BY UNDERLYING ASSET – US RMBS

as a percentage	12/31/2011
US Agencies	49%
Prime	11%
Alt-A	18%
Subprime	17%
Other	5%
TOTAL	**100%**

EUROPEAN RMBS EXPOSURE

BREAKDOWN BY ACCOUNTING PORTFOLIO – UK RMBS

in millions of euros	Net exposure at 12/31/2010	Changes in value 2011	Other changes	Net exposure at 12/31/2011
Trading book	88	22	(24)	86
Fair value option asset portfolio	0	0	0	0
Loans and receivables portfolio	313	15	(166)	162
Available-for-sale assets portfolio	117	(16)	(5)	96
TOTAL	**518**	**21**	**(195)**	**344**

Percentage of exposures guaranteed by BPCE: 83%

BREAKDOWN BY RATING – UK RMBS

in millions of euros	AAA	AA	A	BBB	BB	B	CCC	CC
Trading book			20	8				58
Fair value option asset portfolio								
Loans and receivables portfolio	19	102	41					
Available-for-sale assets portfolio		1	20	23	40	6	5	1
TOTAL	**19**	**103**	**81**	**31**	**40**	**6**	**5**	**59**

BREAKDOWN BY ACCOUNTING PORTFOLIO – SPANISH RMBS

in millions of euros	Net exposure at 12/31/2010	Changes in value 2011	Other changes	Net exposure at 12/31/2011
Trading book	59	(1)	(11)	47
Fair value option asset portfolio	0	0	0	0
Loans and receivables portfolio	468	0	(72)	396
Available-for-sale assets portfolio	11	(2)	0	10
TOTAL	**538**	**(3)**	**(83)**	**453**

Percentage of exposures guaranteed by BPCE: 99%

BREAKDOWN BY RATING – SPANISH RMBS

in millions of euros	AAA	AA	A	BBB	BB	B	CCC	CC
Trading book	4	30	9		4			
Fair value option asset portfolio								
Loans and receivables portfolio	221	122	16		36	1		
Available-for-sale assets portfolio	3		2	2	1	1	1	
TOTAL	**228**	**152**	**27**	**2**	**41**	**2**	**1**	

CMBS EXPOSURE

BREAKDOWN BY ACCOUNTING PORTFOLIO – CMBS

in millions of euros	Net exposure at 12/31/2010	Changes in value 2011	Other changes	Net exposure at 12/31/2011
Trading book	98	(22)	(56)	20
Fair value option asset portfolio	0	0	0	0
Loans and receivables portfolio	93	10	(53)	50
Available-for-sale assets portfolio	166	22	(108)	80
TOTAL	**357**	**10**	**(218)**	**149**

Percentage of exposures guaranteed by BPCE: 67%

BREAKDOWN BY RATING – CMBS

as a percentage	12/31/2011
AAA	15%
AA	17%
A	19%
BBB	21%
BB	14%
B	8%
CCC	2%
CC	0%
C	4%
NR	0%
TOTAL	**100%**

BREAKDOWN BY COUNTRY – CMBS

as a percentage	12/31/2011
United Kingdom	13%
United States	22%
Europe	65%
TOTAL	**100%**

3.4 Risks relating to the BPCE guarantee for Natixis concerning part of GAPC

The guarantee system shielding Natixis against the risk of future losses and the volatility of earnings relating to the workout portfolio was put into place in late 2009, with retroactive effect as of July 1, 2009.

This guarantee system, validated by the *Autorité de contrôle prudentiel,* concerns an equal share of 85% of risks relating to covered assets and is based on two mechanisms:

- 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;
- a guarantee of the value of trading assets through the implementation of total return swap (TRS) 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.

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 100% recognized as Group share for the portion relating to BPCE rather than divided between the Group share and minority interests.

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 TRS is a derivative instrument that allows transfer of the economic benefit of underlying assets. Each year, at the exchange date:

- if the performance of the underlying assets has deteriorated, BPCE has to pay Natixis 85% of the underperformance of these assets;
- if the performance of the underlying assets has increased, Natixis has to pay BPCE 85% of the outperformance of these assets.

Furthermore, on a prudential basis, the guarantee system has a neutral impact from the start of the transaction in 2009, as risk-weighted assets covered by the system are already fully consolidated by Groupe BPCE (which owns 72.4% of Natixis) under the full consolidation method.

In 2011, risk-weighted assets (RWA) fell by over €300 million (€12.8 billion in late 2011 vs. €13.1 billion in late 2010).

Assets under these guarantees break down as follows:

in billions of euros	Notional	Net value at 12/31/2011 (1)	Net value at 12/31/2010
ABS CDO	1.3	0.5	0.6
Other CDO	5.8	4.4	5.0
RMBS	2.3	1.6	2.7
CMBS	0.3	0.2	0.4
Other ABS	0.5	0.4	0.6
Covered assets(2)	8.9	8.4	11.1
Corporate loans	3.9	3.9	4.8
TOTAL	**23**	**19.3**	**25.2**

(1) *Net of provisions.*
(2) *Covered assets correspond to positions covered by monoline insurers.*

At December 31, 2011, the impact of the guarantee was limited to -€5 million for Groupe BPCE.

Moreover, the net outstanding amount for the guaranteed scope decreased by €5.9 billion relative to December 31, 2010.

3.5 Risks relating to the management of the proprietary activities of the former Caisse Nationale des Caisses d'Epargne (CNCE)

The proprietary activities of the former CNCE have been managed strictly on a run-off basis since late 2008. When BPCE was formed, these activities were placed with CE Participations, still on a run-off basis. Natixis Global Asset Management has benefited from a management mandate since December 1, 2009, with the following system of delegation:

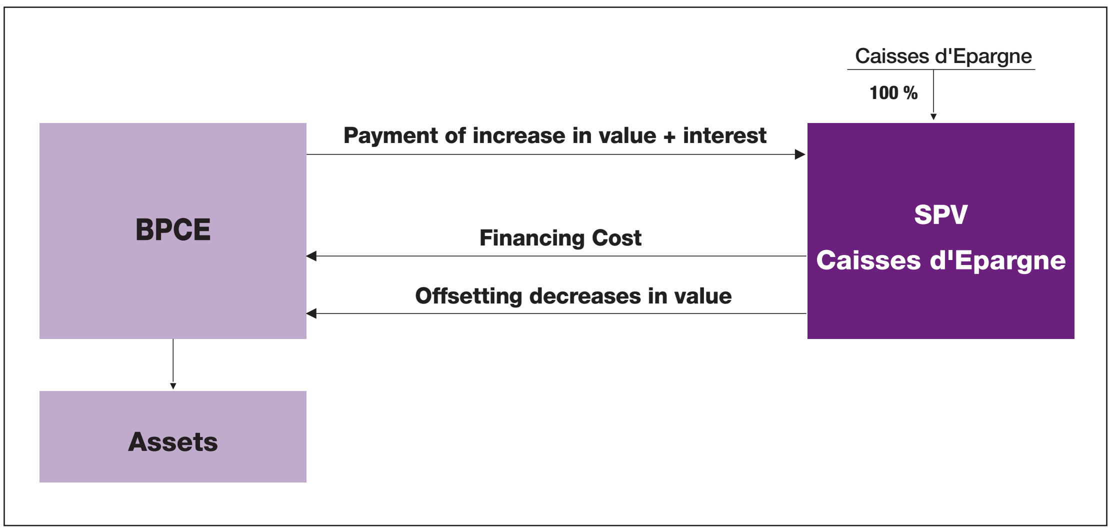
- risk delegation: control of observance of delegations by Natixis Global Asset Management's Risk Management department and the Group Finance division;
- monthly management report (presented by Natixis Global Asset Management to BPCE's Management Committee): valuation of the portfolio, effective sales, 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 division: observance of mandates, changes to the portfolio and analytical monitoring, risk indicators;
- risk monitoring is reviewed by the Group Risk Management division as part of the Group Market Risk Management Committee.

In conjunction with the merger by absorption of Banques Populaires Participations and Caisses d'Epargne Participations by BPCE in 2010, a protection mechanism for the "management of proprietary activities" of the former CNCE was put into place, with the main goal of protecting BPCE against the potential losses of this proprietary activity and to safeguard, at Caisses d'Epargne level, economic exposure to certain proprietary trading run-off activities.

The scope concerned by this mechanism is limited to listed and unlisted medium- and long-term and discretionary management portfolios. The building of this mechanism is based on an SPV (Special Purpose Vehicle), wholly-owned by Caisses d'Epargne which entered into a Total Return Swap with CE Participations by instrument, which allows these transactions to be qualified as hedging instrument transactions. The merger by absorption of CE Participations by BPCE resulted in a transfer of assets and Total Return Swaps to BPCE. These transactions took effect retroactively on January 1, 2010.

Total Return Swaps between the SPV and BPCE consist of swapping changes in values and returns of portfolio hedged against remuneration corresponding to the cost of financing of hedged assets, based on a notional amount corresponding to the net carrying value of assets at January 1, 2010 at a rate determined contractually.

The mechanism breaks down as follows:



At December 31, 2011, total outstandings were €1.97 billion, down €610 million compared with December 31, 2010, and broke down as follows:

- €1.6 billion relates to the "Medium- and Long-term portfolio" (at December 31, 2011, CLOs made up 64% of the portfolio);
- €364 million relates to the "delegated management" activity portfolio.

3.6 Technical insurance risks

Insurance risk is the risk to profits from any difference between expected and actual claims. Depending on the insurance products involved, risk varies based on changes in macroeconomic factors, client behavior, public health policy, epidemics, accidents and natural disasters (such as earthquakes, industrial accidents, terrorist acts or acts of war). As mentioned above, the credit insurance business is also exposed to credit risk.

BPCE Assurances

BPCE Assurances, formerly called GCE Assurances, sells primarily non-life and liability insurance products (motor, comprehensive home insurance, legal protection), personal risk insurance (personal accident) and health and parabanking 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, BPCE 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.

Under-provisioning risk: at each inventory date, the Technical and Reinsurance department (within the Finance and Technical business line) 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 Financial Planning department (Finance and Technical business line) 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.

BPCE 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, BPCE Assurances respects a number of principles and criteria including:

- credit quality: all of BPCE Assurances' reinsurers at December 31, 2011, 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

BPCE Assurances had an investment portfolio with a carrying amount of €682 million at December 31, 2011.

It allocation was determined based on asset-liability simulations carried out over the business plan horizon. An allocation set is tested on three indicators (financial, accounting and capital adequacy) in various scenarios: a base scenario and unfavorable scenarios.

On the basis of this method and given the rate of run-off of insurance liabilities, the portfolio is primarily invested 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;
- monitoring various limits set by the Risk Management Committee.

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 0.2%.

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, 2011 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 mitigated by the classification of about €4.2 billion of fixed income securities in the held-to-maturity category.

Concerning securities in other categories, the sensitivity analysis performed at December 31, 2011 showed that a 1 basis point increase in bond yields has a -€29 million or -2.9% impact on net equity (after taking into account the variation attributable to policyholders and taxation).

MARKET RISK

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 the end of December 2011 shows that:

- a 10% decline in the stock market has an -€11.4 million or -1.1% 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' internal limits, as determined by the Credit Risk Committee, as well as with the regulatory constraints imposed on insurance companies. As a result, 83% 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 (rating between BB+ and D-) parties. In practice, the rating of the reinsurers with which Natixis Assurances deals is between A- and AAA. However, some reinsurers may not be rated or may be underrated if their shareholding structure is deemed to be of sufficient quality. Accordingly, the reinsurers with Natixis Assurances deals present low signature risk and concentration risk relative to a counterparty is limited by their multiplicity.

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 tools designed to control these risks 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 ratio of missed payments 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. Missed payments are monitored on a weekly basis and analyzed on a monthly basis by committees;
- 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 €0.5 million for all Coface entities);
- 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.

Investment grade risks – with scores of at least 6 on a scale of 0 to 10 – represent 85% outstanding credit insurance.

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.

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, 2011

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	672,815	486,835	0.0%
€1-10 thousand	4,188	571,354	536,087	0.9%
€11-20 thousand	6,846	510,250	406,418	1.5%
€21-30 thousand	4,899	295,902	183,638	1.1%
€31-40 thousand	3,734	205,000	101,323	0.8%
€41-50 thousand	5,636	202,725	117,626	1.2%
€51-60 thousand	3,256	133,778	57,086	0.7%
€61-70 thousand	2,797	110,874	41,985	0.6%
€71-80 thousand	3,645	109,462	47,893	0.8%
€81-90 thousand	2,077	75,339	24,084	0.5%
€91-100 thousand	5,778	112,116	58,614	1.3%
€101-150 thousand	12,805	315,425	102,211	2.8%
€151-200 thousand	11,163	217,622	62,847	2.4%
€201-300 thousand	17,519	296,433	70,510	3.8%
€301-400 thousand	14,320	204,876	40,920	3.1%
€401-500 thousand	12,004	151,018	26,555	2.6%
€501-800 thousand	27,917	302,055	44,003	6.1%
€801 thousand-1.5 million	41,746	347,229	38,415	9.1%
€1.5-3 million	50,320	288,650	24,091	11.0%
€3-5 million	37,903	153,929	9,907	8.3%
€5-10 million	50,348	147,161	7,309	11.0%
€10-50 million	89,551	151,281	4,780	19.6%
€50-100 million	23,345	18,042	346	5.1%
€100-200 million	14,399	9,484	109	3.1%
€200 million +	10,994	4,616	28	2.4%
TOTAL	**457,188**	**5,607,436**	**2,493,620**	**100%**

Second-level controls have been established to ensure compliance with Group credit risk standards.

FINANCIAL RISK

Coface is exposed to financial risk with respect to fluctuations in net investment income and to risks relating to different asset classes. For each asset class, stress scenarios are drawn up based on the sharpest fall in value, and the confidence interval applied is 97.5%. The Group policy consists of strictly limiting financial risk, measured on the basis of 3-month Value at Risk (VaR) for all Group financial assets, other than shares in non-consolidated companies included in admissible assets, to less than 3.3% of the Coface group's net assets, corresponding to €48.4 million at December 31, 2011. Coface's actual VaR at that date stood at €44.8 million, well within the authorized limits.

Coface is meeting its goal due to strict control of:

- currency risk: the vast majority of Coface's investment instruments are euro-denominated. The currency risk on assets underlying liabilities in euros but whose related instruments are denominated in other currencies is hedged with a view to maintaining no open currency positions;
- counterparty risk: over 92% of the bonds and other fixed-income instruments held by Coface at December 31, 2011, were rated at least A- (or equivalent) by one or more internationally-recognized rating agencies;
- interest-rate risk: this is limited. Maximum sensitivity(1) authorized for bond asset classes was deliberately capped at 4;
- liquidity risk: a significant percentage of Coface's investments are in cash and cash equivalents (41% at the end of 2011). The majority of other interest-rate products and equities held by Coface are quoted on an exchange in an OECD country. Consequently, Coface considers its investment portfolio to be sufficiently liquid to cover the funds it may require to meet its obligations;
- exposure to sovereign debt: Coface's financial portfolio is only marginally invested in the sovereign debt of "peripheral" euro-zone countries: as a result, Coface's net exposure to Greek, Irish, Portuguese and Spanish sovereign debt is only €13 million, or 1% of its total fixed-income portfolio.

Second-level controls to ensure compliance with Coface's investment policy complete the implemented system.

(1) A bond's sensitivity measures the amount of value lost if interest rates rise. Therefore, a bond with a modified duration of 4 will experience a decrease in market value of 4% if interest rates rise by 1%.

CEGC

The *Compagnie Européenne de Garanties et Cautions* is the Group's multi-business-line platform for sureties and guarantees. Its main risks are underwriting risk, market risk, operational risk and risk of reinsurer default.

UNDERWRITING RISK

Underwriting risk is the main risk held by the company. The volume of outstanding assets at risk reached €78.6 billion at December 31, 2011 (+21% compared to 2010). Underwriting risk is essentially counterparty risk: commitments given by the company to recipients of loan guarantees result in direct exposure to the insured parties.

For each of its activities, managing underwriting risk particularly relies on analyzing projects to undertake (counterparty risk, project type and analysis, financing or commitments and collateral received) on a defined individual and collective delegation chain adapted to each market's specific risks and the delegates' experience. The delegation chain identifies specific market risks by risk level, which indicates the probability of claims being made, and by commitment level, which indicates the severity of a claim if one is made. The approval process controls the company's delegation chain by setting absolute limits for outstandings per business line (severity of a claim if one is made) and by rating the counterparty (probability of occurrence).

The selection procedure for counterparty risk varies depending on the type of business and guarantees delivered.

Underwriting risk is monitored as a whole, on the one hand, using many statistical tools, scores and risk indicators, and individually, on the other hand, meaning by counterparty, thanks to specific committees: the Underwriting Committee, the Litigation and Provisions Committee, and the Watchlist Committee.

Finally, this system relies on updated procedures for granting sureties and guarantees as well as for monitoring underwriting risks (premiums, reserves and claims) detailed by activity, market risks (Equity, interest rates, defaults, property, etc.), default risks (reinsurers and debtors) and operational risks.

MARKET RISK

CEGC holds an investment portfolio with a balance-sheet value of €1.1 billion. Market risk resulting from the investment portfolio is considered as minor in terms of underwriting risk. In fact, underwriting activities are recorded off balance sheet. By collecting surety insurance premiums at the time of commitment, CEGC is not required to manage funding difficulties. Furthermore, there is not mismatch risk: the investment portfolio is fully backed by capital and technical reserves.

The system for managing such risks relies, on the one hand, on a financial management chart that specifies limits, rules and alerts applicable to the whole portfolio and by asset class and, on the other hand, on specific committees (ALM Committee and Financial Management Committee) which ensure compliance with these rules, implement the asset allocation policy and examine the return on completed transactions.

OPERATIONAL RISK

The company's operational risk is limited thanks to risk management systems implemented in each business line's lending procedures.

CEGC has a default repository and map that are adapted to its activities and developed based on business-line processes. This repository comprises the standards framework for taking inventory of incidents and risk situations, and for monitoring corrective action plans based on the methods deployed by Natixis.

REINSURANCE RISK

CEGC hedges its liability portfolio by implementing a reinsurance program adapted to its activities. This program allows, on the one hand, for the underwriting income and the solvency margin to be secured on loan collateral markets and, on the other hand, to protect capital in case of severe claims in corporate markets (property managers and real estate agents, individual home builders, developers and regulatory and contractual guarantees for businesses).

Each year, reinsurance hedging needs are defined based on changes in activity.

Reinsurer default risk is controlled by concentration and rating limits.

OUTSTANDING AMOUNTS OF CEGC LOANS PER MARKET

in millions of euros	12/31/2011	Change 2011/2010
Retail customers	71,400	+22%
Individual home builders	300	+17%
Property managers – real estate agents	2,600	+11%
Corporates	1,300	+9%
Real estate developers	1,000	+25%
Professionals	1,200	+26%
Social economy and social housing	500	+23%
Workout portfolio management	300	-28%
TOTAL	**78,600**	**+21%**

4

GROUPE BPCE MANAGEMENT REPORT

4.1 Preamble

The financial data for the fiscal year ended December 31, 2011 and the comparative data for 2010 were prepared under IFRS as adopted by the European Union and applicable on December 31, 2011, therefore excluding some provisions of IAS 39 on hedge accounting.

This management report discusses the results of Groupe BPCE and BPCE SA group, built around the central institution, BPCE, which was established on July 31, 2009 following the merger of 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 groups are closely related. The main changes to the consolidation scope in 2011 concern:

- the removal of the holding company, CE Holding Promotion, and its stake in Nexity, Habitat en Région Services and Erixel;
- income from the Banque Populaire banks and the Caisses d'Epargne is recognized in the income statement under "Share in net income of associates." This income was received through Corporate Investment Certificates (CICs). The CICs account for 20% of the capital of the Banque Populaire and Caisse d'Epargne networks and confer no voting rights; they are held by Natixis.

4.2 Significant events of 2011

4.2.1 Economic and financial environment

2011, A YEAR OF MULTIPLE SHOCKS

A series of adverse economic shocks occurred throughout 2011, whether caused by natural disaster (earthquake in Japan), political upheaval (Arab spring) or financial turmoil (weakening of the banking industry due to the European debt crisis and stock market declines). However, the most significant of these events was probably the worsening of the European sovereign debt crisis, with contagion spreading to Spanish, Italian and even French credit spreads. The risk of a break-up of the euro zone was intensified due to the potential sudden withdrawal of a country such as Greece.

There were two distinct phases in 2011. Prior to August 1, 2011, concerns were focused on the risk of inflation associated with the upward shift in oil prices. During this phase, there was still the hope that the economic recovery, which began in 2009, would continue. After August 1, the imminent threat gradually became that of deflation and the emergence of a credit rationing process. The climate of wariness ultimately penetrated the real economy. Europe slipped into a mild recession in the fourth quarter as, paradoxically, the US economy rebounded. Furthermore, world trade began stagnating last spring. As a result, nearly every emerging economy slowed. World growth slumped in 2011 to 3.6% compared to 4.9% in 2010 and an annual average rate of growth of 3.3% from 1973 to 2007.

In France, despite a shrinking economy in the second and fourth quarters, GDP growth was 1.6% in 2011 compared to 1.4% in 2010 and -2.6% in 2009, the year of the deepest economic recession of the post-war era. This positive trend was due to exceptional strides in growth during the first quarter (+0.9%) and to the technical recovery in the third quarter (+0.4%). The recovery in business investment and the end of company inventory reductions contributed to this performance in the first half of the year, before tapering off. Consumer spending provided only a very small boost to the economy in view of the nearly 1.4 GDP percentage-point decline in government structural debt. The household savings rate sharply increased to 16.6% against a backdrop of slumping confidence. After a steady rise since 2010, employment began to fall starting in summer 2011 with fewer workers under temporary contracts. The jobless rate in Continental France climbed to 9.4% at the end of the year compared to 9.1% in the second quarter of 2011. Furthermore, in light of higher energy prices, average inflation increased to 2.1% in 2011 compared to 1.5% in 2010.

The financial markets also went through two distinct phases. They initially showed some resiliency before falling victim to the reemergence of extreme fear of deflation and very high volatility. The CAC 40 lost close to 17% in 2011 and more than 30% between early July and the market bottom on September 22, when the index fell below 2,800. Likewise, long rates were initially on an upward trend until the month of April. Then, especially as summer began, yields on government bonds from highly-rated issuers tumbled. US, German and even French bonds had been considered safe-haven investments, not unlike gold or the Swiss franc, until mid-October. Increasing counterparty concerns related to borrowing by governments thought to be impecunious, whether fundamentally solvent or not, led to soaring spreads. In view of the risk of losing its AAA rating (downgrade announced by S&P in January 2012 and change in outlook from stable to negative by Moody's), contagion, albeit mild, even spread to France beginning in October. Yields on euro zone ten-year index-linked bonds (OAT-10) ended the year at 3.1%, after climbing to 3.7% on November 25.

In contrast to the accommodative monetary policy adopted by the US Federal Reserve, the ECB first hiked its key rate by 25 basis points twice in a row, in April and in July, to end the year at 1.5%. By the time summer was over, the ECB had eased its monetary policy with two consecutive decreases in its key rate, which now stands at 1% – its lowest in history. Similarly, the ECB steadily implemented an increasingly aggressive implicit strategy as lender of last resort to rescue the euro zone whenever the risk of a break-up threatened to become reality. Its policy consisted primarily of providing ample liquidity to banks at low rates to offset the drying up of the interbank lending market. The bank also committed itself to providing significant support to European debtor countries.

4.2.2 Significant events of 2011

BPCE REIMBURSES THE FRENCH STATE IN FULL

On March 11, BPCE redeemed €1,200 million in preference shares and carried out the redemption of €1,000 million of deeply subordinated notes (DSN) held by *Société de prise de participation de l'État* (SPPE), the 100-percent French state-owned investment company.

With the completion of these two transactions, BPCE has fully reimbursed the French state.

IMPLEMENTATION OF THE STRATEGIC PLAN: THE GROUP CONTINUES TO REFOCUS ON ITS CORE BUSINESSES

On June 15, Groupe BPCE sold its equity stake (32.1%) in Eurosic *via* Nexity and its interest in Banque Palatine (20.1%) to Batipart, Covea and ACM Vie.

On July 26, the Group completed the disposal of its Equity interest in Foncia to the consortium composed of Bridgepoint and Eurazeo. Furthermore, under the agreements signed with the consortium, Groupe BPCE reinvested in the buyer's holding company in the form of equity and debt securities totaling €200 million.

These operations are consistent with the 2010-2013 Strategic Plan, *"Together"*, which specifically aims at refocusing capital on financing activities only.

These two transactions had a slightly positive overall impact on the Group's income statement and released Core Tier-1 equity in the amount of €1.1 billion, *i.e.* the equivalent of 30 basis points.

DISPOSAL OF CRÉDIT IMMOBILIER ET HÔTELIER (CIH)

On January 20, 2012, after securing the necessary approvals from the relevant authorities, Groupe BPCE finalized the sale of its 23.8% indirect Equity interest in Crédit Immobilier et Hôtelier to *Caisse de dépôts et de gestion marocaine* (CDG). The proceeds are recognized in the consolidated financial statements for the period ending December 31, 2011.

STRENGTHENED CASH AND FUNDING MANAGEMENT

Creation of a single treasury and central bank collateral management arrangement between BPCE and Natixis

In an environment characterized by market fluctuations, scarce funds in Europe and keener competition among sector businesses, cash management has become a major focus for all banking institutions.

Starting in the summer of 2010, the BPCE, Natixis and Crédit Foncier de France teams launched a major project, "Cash Strategy", which aims at locking in and optimizing access to cash for the entire group and its business lines. In May 2011, a single treasury and central bank collateral management arrangement between BPCE and Natixis was created. BPCE and Natixis' treasury and central bank collateral teams were merged in June 2011 and are now under a single structure for managing both BPCE and Natixis debt issues.

Success of the inaugural issue from BPCE SFH

On May 3, 2011, BPCE SFH (the new housing finance company set up by Groupe BPCE) launched its inaugural issue for a total of €2 billion. It was the first benchmark housing finance bond to be launched on the euro market.

Groupe BPCE is now present on the covered bond market *via* BPCE SFH, the Group's issuer of housing finance bonds, and Compagnie de Financement Foncier, the Group's issuer of covered bonds.

Creation of the BPCE home loans securitized mutual fund (Fonds commun de titrisation – FCT)

BPCE created a BPCE home loans FCT that issues senior notes rated AAA by rating agencies, and guaranteed by assets owned by the 19 Banques Populaires and the 17 Caisses d'Epargne et de Prévoyance. At December 31, 2011, BPCE borrowed €39 billion from BPCE home loans and then purchased BPCE home loans securities for the same amount in order to raise the Group's liquidity safety margin.

GREEK SOVEREIGN RISK

Returning to the agreement reached on July 21, 2011, the European authorities outlined a new rescue package for Greece on October 27. This plan for a debt swap on a voluntary basis required a significant effort from private debt holders, who would be required to swap their current Greek debt securities for new, discounted instruments having a longer term and lower yields.

The cost of risk on Greek government bonds includes a 70% haircut that factors in financial guarantees; for 2011, it stands at -€921 million, *i.e.* an impact of -€595 million on the Group's net income. Net direct exposure of the Group's credit institutions in its banking book, excluding derivatives, to Greek sovereign debt was €576 million on December 31, 2011; this exposure, benefits up to €300 million in nominal value from an independent guarantee.

4.3 Groupe BPCE financial data

4.3.1 Groupe BPCE results

Groupe BPCE confirmed the strength of its operational performance in 2011 and the recurring nature of the results posted by the core businesses in a very depressed market environment.

	Groupe BPCE		Change		Core businesses		Change	
in millions of euros	**2011**	**2010**	**€m**	**%**	**2011**	**2010**	**€m**	**%**
Net banking income	23,357	23,359	(2)	(0.0)%	20,918	20,857	61	0.3%
Operating expenses	(15,881)	(16,057)	176	(1.1)%	(13,664)	(13,464)	(200)	1.5%
Gross operating income	**7,476**	**7,302**	**174**	**2.4%**	**7,254**	**7,393**	**(139)**	**(1.9)%**
Cost/income ratio	68.0%	68.7%	-	(0.7)pt	65.3%	64.6%	-	0.7 pt
Cost of risk	(2,769)	(1,654)	(1,115)	67.4%	(1,460)	(1,486)	26	(1.7)%
Operating income/(loss)	**4,707**	**5,648**	**(941)**	**(16.7)%**	**5,794**	**5,907**	**(113)**	**(1.9)%**
Share of net income/(loss) of associates	(7)	217	(224)	n/a	174	208	(34)	(16.3)%
Net gains or losses on other assets	52	(78)	130	n/a	16	60	(44)	(73.3)%
Change in the value of goodwill	(89)	(38)	(51)	n/a				
Income/(loss) before tax	**4,663**	**5,749**	**(1,086)**	**(18.9)%**	**5,984**	**6,175**	**(191)**	**(3.1)%**
Income tax	(1,640)	(1,716)	76	(4.4)%	(1,902)	(1,850)	(52)	2.8%
Minority interests	(338)	(393)	55	(14.0)%	(416)	(457)	41	(9.0)%
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	**2,685**	**3,640**	**(955)**	**(26.2)%**	**3,666**	**3,868**	**(202)**	**(5.2)%**

NET BANKING INCOME

Groupe BPCE's net banking income came to €23.4 billion in 2011, stable compared to 2010. It showed good resiliency despite a troubled economic environment. The net banking income of its core businesses was up slightly by 0.3%, despite lower Livret A commissions.

OPERATING EXPENSES

Operating expenses declined 1.1% compared to 2010 to -€15.9 billion, due in particular to a stringent policy of cost control as well as a scope effect associated with the disposal of Foncia and Eurosic. As to core businesses, the 1.5% increase in operating expenses is mainly due to the systemic risk levy and to higher payroll expenses consistent with the growth in headcount.

The 0.7 point decline in the cost/income ratio to 68.0% reflects an improvement in the Group's operating efficiency.

OPERATING INCOME

Gross operating income came out at €7.5 billion in 2011, an increase of 2.4% on 2010.

The Group's cost of risk rose 67.4% compared to 2010. Restated for impairment losses of -€921 million on Greek government bonds in 2011, it came out at €1.8 billion, up 11.7% on 2010, due primarily to Natixis' Workout portfolio management (GAPC). The core businesses' cost of risk was stable and stood at 30 bp[1] at the end of the year.

As a result, operating income totaled €4.7 billion in 2011.

NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

Net income attributable to equity holders of the parent came out at €2.7 billion in 2011, a decrease of 26.2% compared to 2010. 2011 was characterized by significant non-operating items whose cumulative impact on net income was -€723 million: the write-down of Greek government bonds (-€595 million), the disposal of equity interests (-€71 million), the valuation adjustment of the equity interest in Volksbank Romania (-€116 million), impaired goodwill (-€95 million, mainly comprising -€43 million for Coface and -€29 million for Banco Primus) and revaluation of the Group's financial liabilities (+€154 million).

(1) *In annualized basis points on gross outstanding loans at the beginning of the period.*

4.3.2 The Group's businesses

Groupe BPCE restructured its businesses under the 2010-2013 strategic plan, "Together", which was announced in February 2010. It refocused its organization on developing its two core businesses:

Commercial Banking and Insurance, including:

- the Banque Populaire network, comprised of 19 Banque Populaire banks and their subsidiaries, Crédit Maritime Mutuel, and the mutual guarantee companies;
- the Caisse d'Epargne network, consisting of the 17 Caisses d'Epargne;
- Real Estate Financing, whose results essentially reflect the contribution of Crédit Foncier group;
- Insurance, International and Other networks, mainly comprising the Group's interest in CNP Assurances, BPCE Assurances, the international subsidiaries and those in overseas territories (including BPCE IOM) and Banque Palatine.

Corporate and Investment Banking, Investment Solutions and Specialized Financial Services include Natixis' core businesses:

- Corporate and Investment Banking, which provides banking services for BPCE's large corporate and institutional customers;
- Investment Solutions, comprising asset management, insurance and private banking, and – since the third quarter of 2010 – the private equity business;
- Specialized Financial Services, which includes factoring, leasing, consumer finance, sureties and guarantees, employee benefits planning, payments and securities services.

The Group's third sector of activity is the Equity interests division, comprising the Group's holdings in Nexity, Meilleurtaux and Volksbank Romania as well as Natixis' holdings in Coface and Natixis Private Equity activities.

Workout portfolio management and Other businesses encompasses:

- the contribution of Natixis' GAPC and the run-off operations of the former CNCE's proprietary trading and delegated management activities;
- the contribution of the central institution and the Group's holding companies as well as completed (Foncia and Eurosic) or ongoing (Volksbank International AG, excluding Volksbank Romania) disposals;
- the write-down of Greek government bonds;
- the revaluation of the Group's liabilities;
- items related to the impairment of goodwill and the amortization of valuation differences, as these items form part of the Group's acquisition and investment strategy.

4.3.3 Income statement by sector of activity (1)

	Commercial Banking and Insurance		CIB, Investment Solutions and SFS		Equity interests		Workout portfolio management and Other businesses		Groupe BPCE	
in millions of euros	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
Net banking income	15,123	14,967	5,795	5,890	1,720	1,722	719	780	23,357	23,359
Operating expenses	(9,833)	(9,702)	(3,831)	(3,762)	(1,460)	(1,453)	(757)	(1,140)	(15,881)	(16,057)
Gross operating income	**5,290**	**5,265**	**1,964**	**2,128**	**260**	**269**	**(38)**	**(360)**	**7,476**	**7,302**
Cost/income ratio	*65.0%*	*64.8%*	*66.1%*	*63.9%*	*84.9%*	*84.4%*	*n/a*	*n/a*	*68.0%*	*68.7%*
Cost of risk	(1,277)	(1,208)	(183)	(278)	(34)	(34)	(1,275)	(134)	(2,769)	(1,654)
Share of net income/(loss) of associates	160	189	14	19	(112)	9	(69)	0	(7)	217
Net gains or losses on other assets	14	44	2	16	(7)	(21)	43	(117)	52	(78)
Change in the value of goodwill	0	0	0	0	0	0	(89)	(38)	(89)	(38)
Income/(loss) before tax	**4,187**	**4,290**	**1,797**	**1,885**	**107**	**223**	**(1,428)**	**(649)**	**4,663**	**5,749**
Income tax	(1371)	(1358)	(531)	(492)	(110)	(107)	372	241	(1640)	(1716)
Minority interests	(38)	(37)	(378)	(420)	(78)	(72)	156	136	(338)	(393)
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	**2,778**	**2,895**	**888**	**973**	**(81)**	**44**	**(900)**	**(272)**	**2,685**	**3,640**

The Group's two core businesses, Commercial Banking and Insurance and Corporate and Investment Banking, Investment Solutions and Specialized Financial Services saw a 0.3% increase in net banking income year on year, despite the depressed economic climate and adverse market conditions. The contribution of these two core businesses is crucial to the Group: Commercial Banking and Insurance accounted for 65% of the Group's net banking income, while Corporate and Investment Banking, Investment Solutions and Specialized Financial Services accounted for 25% of the Group's total.

(1) Sector information for Groupe BPCE in previous periods has been restated to reflect the disposal of Foncia, Eurosic and Volksbank International AG, excluding Volksbank Romania (reclassified in Other businesses) and the impact of the transfer of Volksbank Romania to Equity interests.

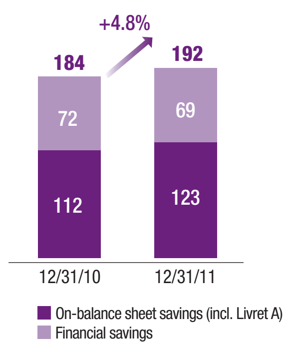
4.3.4 Commercial Banking and Insurance

This division reported a high level of activity in 2011 against a backdrop of relatively low interest rates.

	Banque Populaire banks		Caisses d'Epargne		Real Estate Financing		Insurance, International and Other networks		Commercial Banking and Insurance		Change	
in millions of euros	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	€m	%
Net banking income	6,329	6,239	6,803	6,772	882	951	1,109	1,005	15,123	14,967	156	1.0%
Operating expenses	(4,069)	(3,934)	(4,409)	(4,477)	(627)	(586)	(728)	(705)	(9,833)	(9,702)	(131)	1.4%
Gross operating income	**2,260**	**2,305**	**2,394**	**2,295**	**255**	**365**	**381**	**300**	**5,290**	**5,265**	**25**	**0.5%**
Cost/income ratio	*64.3%*	*63.1%*	*64.8%*	*66.1%*	*71.1%*	*61.6%*	*65.6%*	*70.1%*	*65.0%*	*64.8%*	--	*19.8%*
Cost of risk	(664)	(647)	(355)	(334)	(150)	(99)	(108)	(128)	(1,277)	(1,208)	(69)	5.7%
Share of net income/(loss) of associates	14	21	0	0	7	5	139	163	160	189	(29)	(15.3)%
Net gains or losses on other assets	26	14	6	(1)	16	31	(34)	0	14	44	(30)	(68.2)%
Income/(loss) before tax	**1,636**	**1,693**	**2,045**	**1,960**	**128**	**302**	**378**	**335**	**4,187**	**4,290**	**(103)**	**(2.4)%**
Income tax	(560)	(561)	(683)	(657)	(34)	(71)	(94)	(69)	(1,371)	(1,358)	(13)	1.0%
Minority interests	(8)	(8)	0	0	(1)	(7)	(29)	(22)	(38)	(37)	(1)	2.7%
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	**1,068**	**1,124**	**1,362**	**1,303**	**93**	**224**	**255**	**244**	**2,778**	**2,895**	**(117)**	**(4.0)%**

Net income declined by 4% relative to 2010, impacted by the depressed financial and economic environment. The Banque Populaire and Caisse d'Epargne networks made a significant contribution to the division's performance, accounting for 87.4% of its net income.

CUSTOMER SAVINGS *(IN BILLIONS OF EUROS)*



BANQUE POPULAIRE BANKS

The network had a very good business year, buoyed by a growing customer base.

Strong commercial performance across all market segments

Savings held with Banque Populaire banks increased by 4.8% to €192.4 billion, driven by the growth in on-balance sheet savings (up 10%), which accounted for 64% of all savings. Financial savings declined 3.3% to €69 billion, mainly due to the decline in mutual funds, with life insurance holding up well.

Individual customers are showing more interest in on-balance sheet savings. As a result, demand deposits were up by 4.3%, reaching €17 billion. The Livret A sales drive also attracted nearly €1.7 billion in savings in 2011.

Professional, corporate and institutional customers preferred products such as demand deposits (up 11.1% to €30 billion) and term deposits (up 21.7% to €21 billion) over mutual funds (down 7.2% to €25 billion).

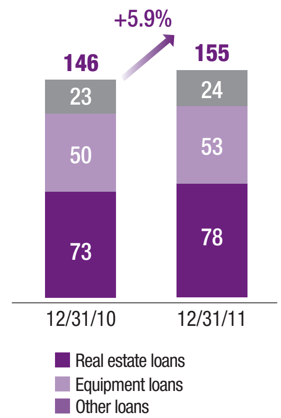
Increase in loan outstandings

Total loan outstandings amounted to €155 billion at December 31, 2011, up 5.9%.

This reflects a 6.3% increase to €86 billion on the individual customer market, driven by home loans (up 7.2% to €78 billion). This activity benefited from the buoyant real estate market and moderate interest rates. Consumer loan outstandings were stable at €7 billion.

On the professional, corporate and institutional customers market, loan outstandings rose by 5.4%. For equipment loans, the high origination rate resulted in outstanding loans of €48 billion at year-end 2011.

LOAN OUTSTANDINGS *(IN BILLIONS OF EUROS)*



Financial results

The revenues of the Banque Populaire network reflect strong growth in a depressed economy, with net banking income of €6,329 million, up 1.4% on 2010.

in millions of euros	2011	2010	Change €m	Change %
Interest margin	3,833	3,848	(15)	(0.4)%
Fees and commissions	2,374	2,323	51	2.2%
Other income and expenses	122	68	54	79.4%
NET BANKING INCOME	**6,329**	**6,239**	**90**	**1.4%**

The interest margin stood at €3.8 billion, stable compared to 2010, and due primarily to volume effects and higher rates on demand savings deposits that offset lower interest margins on loans and short-term investments.

Furthermore, fee and commission income rose 2.2% to €2.4 billion, buoyed by loan administration fees.

Operating expenses were up 3.4% to -€4.1 billion, factoring in the impact of new taxes, in particular the systemic risk levy (impact of -€19 million), the costs associated with the merger-migration of Banque Populaire Aquitaine Centre Atlantique and higher payroll expenses.

Gross operating income amounted to €2.3 billion (down 2%), lowering the cost/income ratio by 1.2 points to 64.3%.

The cost of risk was stable compared to 2010 and amounted to €0.7 billion amidst an adverse economic environment. At the end of Q4 2011, it stabilized at around 45 basis points[(1)] compared to 42 basis points[(1)] for Q4 2010.

The contribution of Banque Populaire banks to the Commercial Banking and Insurance division's net income stood at €1.1 billion, down €56 million relative to 2010 (-5%).

CAISSES D'EPARGNE

The Caisses d'Epargne performed well over the period, confirming their commitment to financing the French economy and adapting to the opening of the market for Livret A savings accounts.

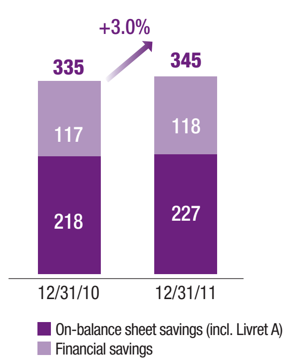
Customer savings held up well despite the opening of the market for Livret A savings accounts

Customer savings increased by 3.0% since December 31, 2010 to stand at €345 billion at year-end 2011.

Deposits by individual customers rose slightly (up 2.3%), despite the effects associated with the opening of the market for Livret A savings accounts and low interest rates. Regulated home savings increased by 2.6% and demand deposits were down 4.2%. Financial savings saw a mixed performance, with strong inflows into life insurance products (an increase of 4.4% in outstandings year-on-year) contrasting with the decline in mutual funds investments (down 16.5%).

On the professional, corporate and institutional customers market, savings rose by 7.3%. Inflows into on-balance sheet savings across all segments were strong, in particular demand deposits, up 12.6%, and term accounts, up 4.8%. The trends evident on the individual customer market in respect of financial savings can be seen in the professional, corporate and institutional customer segments in an environment in which life insurance was preferred over mutual funds.

CUSTOMER SAVINGS *(IN BILLIONS OF EUROS)*



(1) In annualized basis points on gross outstanding loans at the beginning of the period.

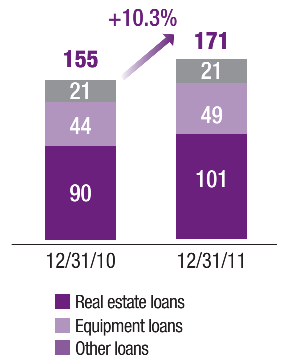
Strong lending activity on all markets

Loan outstandings rose on all markets to stand at €171 billion (+10.3% year-on-year).

On the individual customer segment, loan outstandings were up 10.3% to €102 billion, mainly driven by real estate loans (+11.7%). Outstanding consumer credit is stable at €11 billion, against a backdrop of intense competition from a growing number of specialist players.

Growth in loans to corporate and institutional customers continued to be strong, with outstandings of €69 billion, up 10.3% compared to December 31, 2010, driven by real estate loans (up 14.7%) and medium-to long term loans (up 11.2%).

LOAN OUTSTANDINGS *(IN BILLIONS OF EUROS)*



Financial results

Net banking income was stable compared to 2010 amidst a competitive environment that negatively impacted profits and lower commissions from Livret A passbook savings accounts. Excluding the fall in Livret A commissions, net banking income was up 2.9%.

in millions of euros	2011	2010	Change €m	Change %
Interest margin	4,352	4,508	(156)	(3.5)%
Fees and commissions	2,441	2,274	167	7.3%
Other income and expenses	10	(10)	20	n/a
NET BANKING INCOME	**6,803**	**6,772**	**31**	**0.5%**

As a result, the interest margin stood at €4.4 billion, compared with €4.5 billion in 2010. The decline is due in particular to the increase in financing costs on the intermediation margin. Fee and commission income was up by 7% to €2.4 billion, benefiting from higher service package prices, loan fees and early repayment fees.

Operating expenses, down by 2%, trended positively due to lower IT costs following the migration of all the Caisses d'Epargne to a single IT platform and to productivity gains, which, however, were diminished by the new banking taxes.

Gross operating income came out at €2.4 billion, up 4% on 2010, coupled with an improvement in the cost/income ratio, which improved 1.3 basis points to 64.8%.

The cost of risk remained limited and stable at €0.4 billion. Due to the structure of the customer base, the quarterly ratio varied between 19 and 25 basis points[1].

The Caisses d'Epargne contributed €1.4 billion to the Commercial Banking and Insurance division's net income.

REAL ESTATE FINANCING

Crédit Foncier accounts for most of the Real Estate Financing division in terms of both income and financial results.

It reported total loan production of €11.7 billion, down slightly relative to 2010. New loans to individual customers came out €7.4 billion. As a result, Crédit Foncier was able to confirm its position on the social housing market as a distributor of complementary products to interest-free loans *(prêt à taux zéro)* and assistance to first-time home buyers.

Loan production on the corporate market in France was €4.3 billion, up 13% on 2010, in particular in the investor and developer segments and in the public sector, demonstrating its expertise in the area of loans to private corporates.

Furthermore, as part of the implementation of its new strategic plan, the Crédit Foncier group discontinued by mid-year loan production for international corporates.

Crédit Foncier group's total outstanding loans stood at €118 billion, stable relative to December 31, 2010.

Crédit Foncier also completed its issues of over €10 billion of covered bonds, confirming its leadership in this segment.

Net banking income for the Real Estate Financing division amounted to €882 million, down 7% on 2010, reflecting not only the determination of the Crédit Foncier group to refocus on its core businesses in France serving its customers and those of Groupe BPCE but the impact of balance sheet reduction.

Operating expenses totaled -€627 million (+7% against year-end 2010), reflecting, in respect of Crédit Foncier, the introduction of new taxes (ACP and systemic levies) as well as non-recurring expenses related to redeploying its activities.

The cost of risk was heavily impacted by additional provisions on some corporate customers.

The change in the "Gain and loss on other assets" line item was due to capital gains on the disposal of the Equity interest in Crédit Foncier et Communal d'Alsace et de Lorraine (CFCAL) – Banque (+€29 million) in 2010 and capital gains on the sale of the Volney Building in 2011 (+€16 million).

(1) *In annualized basis points on gross outstanding loans at the beginning of the period.*

The contribution by the Real Estate Financing division to net income attributable to equity holders of the parent stood at €93 million in 2011.

INSURANCE, INTERNATIONAL AND OTHER NETWORKS

The Insurance business showed very strong revenues momentum:

- net income reported by BPCE Assurances was up by a factor of 1.9 compared to 2010 and stood at €23.5 million. It benefited from growth in revenues of 10.3% across all products and strong sales of comprehensive home insurance products (+13%) and legal protection insurance (+28%). The claims rate for the period was stable compared to 2010 (62%). BPCE Assurances contributed €14 million to Groupe BPCE's net income;
- CNP Assurances demonstrated its ability to maintain its level of operating performance amidst a turbulent economic environment in the second half of 2011, with premium income down 7.1% to €30 billion, due primarily to the savings business (-13.4%). Premium income declined 8.7% in France, mainly due to lower savings. With growth of 13%, Brazil confirmed its role as the growth driver of the Group. Unit-linked life insurance sales were up 6.2%, with unit-linked products accounting for nearly 10% of retirement/savings revenues and 18.4% of income on a CNP group basis. CNP Assurances' reported income amounted to €872 million, down 17% on 2010. Its contribution to Groupe BPCE's net income totaled €128 million (down 18%).

The International business segment mainly reflects the results of Groupe BPCE International et Outre-mer (BPCE IOM):

- it contributed €17 million to the division's net income, compared with €15 million in 2010; the improvement in business indicators was reflected in net income, which grew relative to 2010 (gross operating income up 21%; cost of risk divided by 1.5). However, these results were impacted by the loss on the disposal of Crédit Immobilier et Hôtelier (CIH) of -€32 million;
- the other international subsidiaries mainly include Natixis Pramex Algérie and contributed €1 million to the division's net income.

Finally, income from Other networks totaled €94 million (almost double last year's figure) with good results from real estate management companies and Banque Palatine (strong performance and lower cost of risk relative to 2010, when Banque Palatine recognized large provisions on loans to corporate customers).

4.3.5 Corporate and Investment Banking, Investment Solutions and Specialized Financial Services

This sector groups together Natixis' three core businesses; its contribution to Groupe BPCE's net income is calculated after recognizing the 28% share of minority interests, including income and expenses related to restructuring activities, and impairment losses on Greek government bonds by Other businesses.

	CIB		Investment Solutions		SFS		CIB, Investment Solutions and SFS		Change	
in millions of euros	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**€m**	**%**
Net banking income	2,760	3,027	1,884	1,789	1,151	1,074	5,795	5,890	(95)	(1.6)%
Operating expenses	(1,675)	(1,655)	(1,358)	(1,288)	(798)	(819)	(3,831)	(3,762)	(69)	1.8%
Gross operating income	**1,085**	**1,372**	**526**	**501**	**353**	**255**	**1,964**	**2,128**	**(164)**	**(7.7)%**
Cost/income ratio	60.7%	54.7%	72.1%	72.0%	69.3%	76.3%	66.1%	63.9%	--	2.2 pts
Cost of risk	(106)	(204)	(16)	(26)	(61)	(48)	(183)	(278)	95	(34.2)%
Income/(loss) before tax	**979**	**1,169**	**524**	**496**	**294**	**220**	**1,797**	**1,885**	**(88)**	**(4.7)%**
Income tax	(294)	(352)	(138)	(71)	(99)	(69)	(531)	(492)	(39)	7.9%
Minority interests	(189)	(234)	(131)	(137)	(58)	(49)	(378)	(420)	42	(10.0)%
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	**496**	**583**	**255**	**288**	**137**	**102**	**888**	**973**	**(85)**	**(8.7)%**

At 888 million, the net income of this division reflects the resiliency of Natixis' core businesses in a very depressed market environment.

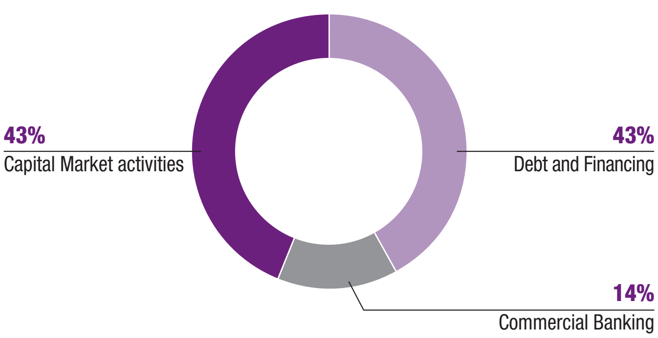
CORPORATE AND INVESTMENT BANKING (CIB)

In 2011, CIB recorded net banking income of €2,760 million, down 8.8% on 2010, with mixed performances from the different business lines:

- Commercial Banking revenues stood at €400 million, down 23.5% on the previous year, due to the high cost of liquidity (net income ratio on average outstandings shrank by 23 basis points year-on-year) and to lower average outstandings in a depressed economic environment (down 11% year-on-year);
- the Debt and Financing business posted revenues of €1,199 million in 2011, despite high funding costs and the dollar liquidity crisis. This performance is notably due to strong growth in Global energy & commodities, Aeronautics, Real estate and Equity-linked finance and reflects new division-wide loans of €13.8 billion, up 9.5% relative to 2010;

- standing at €1,194 million, Capital Market activities contracted by 17.2% relative to 2010, penalized in the second half of the year by the European sovereign debt crisis and investors' wait-and-see attitude in the equity markets. Nonetheless, sales were up (+4%), primarily driven by the activities of the debt platform:
  - fixed income and treasury activities, hurt by widening spreads, saw revenues fall by 8% to €768 million, despite a 9% increase in NBI on the debt platform (brisk activity on the primary bond market in the first half of the year), a 19% increase in foreign exchange activities and a 9% increase in emerging market activities,
  - at 209 million, revenues from equity activities reported NBI that was down 27% relative to 2010 and stable year-on-year sales,
  - corporate solutions revenues, hurt by the absence of major new transactions in 2011, fell 32% to €200 million;
- revenues from Credit portfolio management and other activities improved considerably (+€124 million in 2011), under the combined effect of credit spread trends and the sharp decline in market sensitivity for the hedging portfolio.

CONTRIBUTION OF BUSINESSES (EXCL. CPM AND OTHER) TO CIB'S NET BANKING INCOME IN 2011



At €1,675 million, CIB's operating expenses were up 1.2% relative to 2010. This trend notably reflects the increase in fixed payroll expenses (+8%) subsequent to the 4% increase in headcount. It was not offset by the adjustment to performance-based payroll expenses (down 24%) associated with revenue trends (application of CRD3 to market professionals).

The cost of risk improved significantly and stood at -€106 million, boosting Corporate and Investment Banking's contribution to net income to €496 million at year-end 2011.

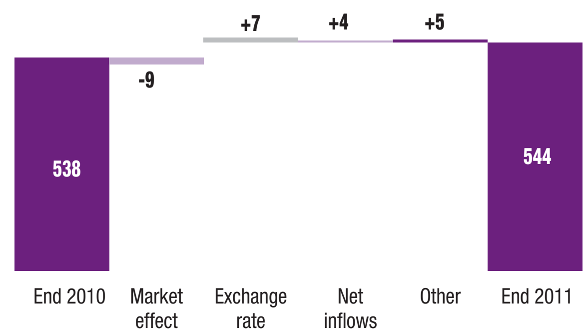
INVESTMENT SOLUTIONS

In 2011, the Investment Solutions division continued to develop synergies between its three core businesses, asset management, insurance and private banking, and the Groupe BPCE networks. A new group was created within private banking: Sélection 1818, 66% owned by private banking and 34% owned by Rothschild et Cie (scope effect in 2011 arising out of Sélection R's gross operating income of €3.1 million).

The division's revenue increased by 5.3% to €1,884 million (up 7.9% at constant exchange rates), thanks to the strong sales performance of the asset management, insurance, private banking and private equity businesses:

- asset management: assets under management at end-December 2011 stood at €544 billion compared to €538 billion at year-end 2010, despite an unfavorable market impact of €9.4 billion. Driven by the momentum of the Natixis Global Asset Management platform in the United States and in Asia, net inflows totaled €3.7 billion in 2011.

ASSETS UNDER MANAGEMENT *(IN BILLIONS OF EUROS)*



Net banking income from asset management rose 1.6% to €1,436 million (up 4.8% at constant exchange rates), boosted by the 1.1-point increase in average returns relative to 2010, mainly associated with business development in the United States where margin rates are higher;
- insurance: in a soft market, this activity achieved net banking income of €264 million, up 24.1% on 2010, thanks to the strong performance of personal risk insurance and payment protection insurance, which posted a 20% increase in revenue, combined with a decrease in the claim rate;
- private banking: with assets under management totaling €18.9 billion (up 22.9% relative to 2010), this business posted net banking income of €99 million, up 5.7%, recognizing a scope effect of €7.8 million (inclusion of Sélection R on April 1, 2011). At constant scope, private banking's NBI was stable relative to 2010;
- private equity: net banking income was up 22.6% to €85 million in 2011, mainly due to portfolio revaluations.

The 5.4% year-on-year increase in operating expenses for the Investment Solutions business is mainly attributable to the roll-out of new asset management activities and the entry into production of major IT projects in the insurance business.

At 255 million, Investment Solutions' contribution to net income fell 11.5% relative to 2010, due in large part to the increase in tax expense recognized on insurance products.

SPECIALIZED FINANCIAL SERVICES (SFS)

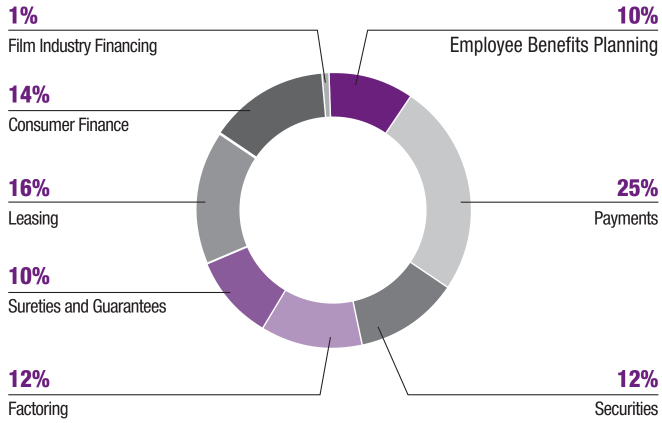
In 2011 the Specialized Financial Services division continued to consolidate its leasing activities within Natixis Lease with the integration of GCE Car Lease on April 1, 2011 (scope effect on 2011).

Revenues for this division were €1,151 million, up 7.2% due to strong performance from all businesses, with the exception of Securities;

Buoyed by brisk sales in both networks, Specialized Financial Services saw revenue growth of 14.5%, with, notably, excellent performance by the Financial Guarantees business (up 23.5% in connection with higher sales momentum and a lower claim rate), Consumer Loans (up 12.7%) and Factoring (up 10.2%), driven by factored receivables, which were up 17.7%). The leasing business also posted steady growth of 15.1%.

Despite the strong performance of Employee Benefits Planning (up 8.4%) and Payments (up 2.2%), revenues from Specialized Financial Services were stable with net banking income of €541 million, hurt by fewer transactions by individuals in the Securities business (down 10.2%).

Contribution of businesses to Specialized Financial Services' net banking income in 2011



Operating expenses declined by 2.6% relative to 2010, to €798 million. As a result, gross operating income was up 38.4% and the contribution to net income was up 34.3%.

4.3.6 Equity interests

The Group's Equity interests (including Nexity, Coface, Natixis Private Equity and Volksbank Romania) are recognized in the Equity interests division.

	Equity interests		Change	
in millions of euros	2011	2010	€m	%
Net banking income	1,720	1,722	(2)	(0.1)%
Operating expenses	(1,460)	(1,453)	(7)	0.5%
Gross operating income	**260**	**269**	**(9)**	**(3.3)%**
Cost of risk	(34)	(34)	0	0.0%
Share of net income/(loss) of associates	(112)	9	(121)	n/a
Net gains or losses on other assets	(7)	(21)	14	(66.7)%
Income/(loss) before tax	**107**	**223**	**(116)**	**(52.0)%**
Income tax	(110)	(107)	(3)	2.8%
Minority interests	(78)	(72)	(6)	8.3%
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	**(81)**	**44**	**(125)**	**N/A**

2011's loss of €81 million is the result of an adjustment to the valuation of the Equity interest in Volksbank Romania, resulting in a loss of €116 million.

NEXITY

In 2011, the strong growth of the Nexity order book (up 21%) is primarily due to its higher residential housing market share and exceptionally high orders for corporate real estate.

Nexity posted revenues of €2,603 million in 2011, down 5.2%:

- Housing: revenue was stable at €1,732 million owing to the contrasting effects of the favorable trend in the average price of property per square meter and the decline in booking volumes relative to 2010. The residential housing order book was up 10.3% in 2011;
- Services: a fall in revenues of 14.4% due to the low number of projects under construction and the one-year delay in the delivery of a large project due to fire;
- Services and distribution: decline in revenues of 10.2% due to a scope effect associated with the disposal of the Citéa residences. The remainder of the change is due to fluctuation in the portfolio of contracts and, to a lesser extent, Iselection.

in millions of euros	2011	2010	Change
Housing	1,732	1,732	0.0%
Services	321	375	(14.4)%
Services & distribution	547	609	(10.2)%
Other	3	31	n/a
REVENUES	**2,603**	**2,747**	**(5.2)%**

Nexity's current operating profit was stable at €202.4 million (compared to €201.4 million in 2010), for an operating margin of 7.8%, higher than that reported at year-end 2010. Margin trends were up sharply in the Housing division, achieving a margin rate of 10% as it is no longer impacted by the predominance of low-margin operations; in the Services division, the trend was down due to a fire that broke out in the Basalte Building in the La Défense district; the margin on Services and distribution activities was boosted by services and the franchise networks.

Nexity's contribution to net income of the Equity Investments division amounted to €51 million in 2011, up slightly by 2%.

COFACE

Coface performed well in 2011, reflecting in:

- a 5.7% increase in revenues to €1,714 million, associated with the factoring business (up 7.6% assuming constant consolidation scope and exchange rates) and the credit insurance business (up 4.8% assuming constant consolidation scope and exchange rates), boosted by strong sales despite a weak economy. The service businesses (information and receivables management) fell by 5.9% (assuming constant consolidation scope and exchange rates) subsequent to the Workout portfolio management of some activities;
- a 4.8% increase relative to 2010 in net banking income, which came out at €837 million, driven by the Coface core businesses, up 12.2%, whereas non-core activities fell by 21.4%; the claim rate improved slightly year-on-year and stood at 55.1% compared to 55.9% in 2010;
- the contribution to net income rose 53.3% to €46 million.

NATIXIS PRIVATE EQUITY (NPE)

The strategic reorientation of NPE's activities continued in 2011 with the sale of Brazil-based businesses in the first half of the year, the sale of LBO Europa fund in late September 2011 and the sale of the Holland Venture fund *via* disposal to partners. Natixis' share of assets under management stood at €453 million at year-end 2011, down 14% relative to 2010.

In 2011, Natixis Private Equity reported a loss of -€34 million (-€29 million in 2010, *i.e.* down 17%). 2011 net banking income stood at -€21 million compared with a gain of €23 million in 2010. Capital gains and portfolio revaluations did not offset the impairment losses recognized primarily on Chinese and Indian securities.

OTHER EQUITY INVESTMENTS: MEILLEURTAUX AND VOLKSBANK ROMANIA

The net income of other equity investments was -€144 million in 2011 compared to a loss of -€7 million in 2010, mainly impacted by the negative adjustment of -€116 million in the valuation of the Equity interest in Volksbank Romania and by a loss of -€24 million recognized on Meilleurtaux (-€7 million loss in 2010).

4.3.7 Workout portfolio management and Other businesses

	Workout portfolio management and Other businesses		Change	
in millions of euros	**2011**	**2010**	**€m**	**%**
Net banking income	719	780	(61)	(7.8)%
Operating expenses	(757)	(1,140)	383	(33.6)%
Gross operating income	**(38)**	**(360)**	**322**	**(89.4)%**
Cost of risk	(1,275)	(134)	(1,141)	x 8
Share of net income/(loss) of associates	(69)	0	(69)	n/a
Net gains or losses on other assets	43	(117)	160	n/a
Change in the value of goodwill	(89)	(38)	(51)	n/a
Income/(loss) before tax	**(1,428)**	**(649)**	**(779)**	**n/a**
Income tax	372	241	131	54.4%
Minority interests	156	136	20	14.7%
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	**(900)**	**(272)**	**(628)**	**N/A**

The loss recorded by this division in 2011 was €900 million.

Net income attributable to equity holders of the parent from the Workout portfolio management activity amounted to -€58 million, compared with €52 million in 2010.

Accordingly, several operations were conducted to reduce the size of the portfolios and their associated risks. Risk-weighted assets, which came to €15.5 billion on December 31, 2011, were reduced by 23% year-on-year, excluding the regulatory impact of Basel 2.5. Regarding credit assets, GAPC carried out a series of disposals and restructured its portfolio, in particular the CLO and RMBS asset classes, which resulted in a €4.9 billion reduction in outstandings covered by the BPCE guarantee. GAPC also benefited from the positive impact of transactions with monoline issuers. As to other portfolios, the business continued its workout operations on equity derivatives, set up hedges on complex interest rate derivatives and shed fund structured derivatives. At -€75 million, the effect of GAPC on the Group's net income in 2011 was limited.

Furthermore, net income attributable to equity holders of the parent generated by Other businesses stood at -€842 million in 2011, compared to -€324 million in 2010. The main impacts in 2011 were the following:

- an impairment loss on Greek government bonds: the impact of the cumulative 2011 write-down was -€921 million in cost of risk, *i.e.* -€595 million in net income;
- an impact arising out of the revaluation of fair value debt taken to profit and loss associated with the bank's own credit risk of +€154 million;
- Impairment of goodwill amounting to -€89 million related mainly to Banco Primus (-€29 million) and Coface (-€43 million).

4.3.8 Analysis of the Groupe BPCE consolidated balance sheet

			Change	
in billions of euros	12/31/2011	12/31/2010	€bn	%
Cash and amounts due from central banks	16.0	24.1	(8.1)	(33.6)%
Financial assets at fair value through profit or loss	225.5	167.5	58.0	34.6%
Hedging derivatives	11.3	7.5	3.8	50.7%
Available-for-sale financial assets	84.8	68.1	16.7	24.5%
Loans and receivables due from credit institutions repayable on demand	141.5	140.5	1.0	0.7%
Loans and receivables due from customers	571.9	562.6	9.3	1.7%
Revaluation differences on portfolios hedged against interest-rate risk	5.4	2.5	2.9	n/a
Held-to-maturity financial assets	8.9	9.2	(0.3)	(3.3)%
Current and deferred tax assets and other assets	60.4	51.4	9.0	17.5%
Securities	8.2	9.8	(1.6)	(16.3)%
Goodwill	4.5	5.2	(0.7)	(13.5)%
ASSETS	**1,138.4**	**1,048.4**	**90.0**	**8.6%**
Amount due to central banks	0.0	0.5	(0.5)	n/a
Financial liabilities at fair value through profit or loss	228.0	160.5	67.5	42.1%
Hedging derivatives	10.0	7.1	2.9	40.8%
Amounts due to credit institutions repayable on demand	117.9	105.1	12.8	12.2%
Amounts due to customers	398.7	394.0	4.7	1.2%
Debt securities	222.3	222.9	(0.6)	(0.3)%
Revaluation differences on portfolios hedged against interest-rate risk	1.7	1.2	0.5	41.7%
Current and deferred tax liabilities and other liabilities	47.5	41.6	5.9	14.2%
Technical reserves of insurance companies	46.9	45.5	1.4	3.1%
Provisions	4.7	4.8	(0.1)	(2.1)%
Subordinated debt	11.9	13.8	(1.9)	(13.8)%
Equity attributable to equity holders of the parent	45.1	47.4	(2.3)	(4.9)%
Minority interests	3.7	4.0	(0.3)	(7.5)%
LIABILITIES	**1,138.4**	**1,048.4**	**90.0**	**8.6%**

At December 31, 2011, Groupe BPCE had total assets of €1,138.4 billion, up 9% from €1,048.4 billion a year earlier.

CHANGES IN SIGNIFICANT ASSET ITEMS

The main asset items are loans and receivables due from customers (50% of total assets at December 31, 2011) and banks (12%), financial assets at fair value through profit or loss (20%) and available-for-sale financial assets (7%). Taken together, these items account for nearly 90% of the Group's assets.

Financial assets at fair value through profit or loss

These financial assets include securities held for trading, including derivatives, and certain assets and liabilities that the Group has chosen to recognize at fair value through profit or loss under the option available under IAS 39.

The €58.0 billion increase in this line item over the period breaks down as follows:

- an increase in the trading derivatives portfolio (+€30.5 billion), notably relating to credit derivatives (+€2.1 billion), interest rate derivatives (+€17.5 billion) and foreign exchange derivatives (+€11.1 billion);
- a rise in repurchase agreement transactions (+€37 billion);
- a decline in outstanding securities (-€5.2 billion) due to the fall in outstanding fixed-income securities and the drop in loans to credit institutions (-€4.3 billion).

Available-for-sale financial assets

Available-for-sale financial assets comprise bonds, equities and government securities and similar that do not fall into any other asset category. At December 31, 2011 these assets amounted to €84.8 billion, compared with €68.1 billion a year earlier. The €16.7 billion net increase stems mainly from fixed-income securities (+€18.7 billion), which was partially offset by the decline in variable rate securities (-€1.8 billion).

Loans and receivables due from customers and credit institutions

This item comprises non-derivative financial assets with fixed or determinable payments that are not quoted on an active market, adjusted for impairment where applicable. These assets rose by 1% over the period and amounted to €713.4 billion at December 31, 2011.

Net outstanding loans and receivables due from customers totaled €571.9 billion, an increase of €9.3 billion over the year (+2%). This increase resulted from:

- strong activity from the Group's businesses, in particular Commercial Banking and Insurance, with a €7.9 billion increase in equipment loans and an €18.1 billion rise in home loans;
- a fall in short-term credit facilities (-€2.5 billion), equity securities and instruments received under repurchase agreements (down €11.3 billion), overdrawn accounts (down €1.6 billion) and securities classified as customer loans and receivables (down €1.6 billion).

Non-performing loans accounted for 3.5% of total loans to customers at December 31, 2011, stable relative to December 31, 2010 and recognized impairment losses (including collective impairment) amounted to €11.2 billion.

Net outstanding loans and receivables due from banks totaled €141.5 billion, up by €1.0 billion over the year (+1%). This figure includes the decline in overdrawn accounts (-€2.6 billion), repo transactions (-€15.8 billion) and securities classified as loans and receivables (-€2.1 billion), which was offset by the increase in deposits and loans (+€21.4 billion).

CHANGES IN SIGNIFICANT LIABILITY ITEMS AND EQUITY

At December 31, 2011, nearly 90% of all balance sheet liabilities were comprised of the following:

- amounts due to customers (35%) and credit institutions (10%);
- debt securities (20%);
- financial liabilities at fair value through profit and loss (20%);
- equity attributable to the parent company (4%).

Financial liabilities at fair value through profit or loss

On the liabilities side, this portfolio consists of debt instruments carried at fair value on the balance sheet date with an offsetting entry in the income statement. At December 31, 2011, these liabilities amounted to €228.0 billion, up €67.5 billion (+42%) over the period. This decline was essentially due to the increase in the value of derivatives held for trading (up €34.2 billion), in parallel with the €30.5 billion increase on the assets side of the consolidated balance sheet, the €54.0 billion upswing in repurchase agreements and the decrease of €19.4 billion in securities classified as loans and receivables.

Amounts due to customers and credit institutions

Amounts due to customers and banks totaled €516.6 billion at December 31, 2011, up €17.6 billion from a year earlier.

Amounts due to customers stood at €398.7 billion, an increase of €4.7 billion over 2010. This increase stemmed from:

- a rise in current accounts with credit balances (+€8.5 billion);
- an increase in amounts held in regulated savings accounts (€9.9 billion), essentially in Livret A and livret B accounts;
- a €13.4 billion decline in repurchase agreement transactions.

Amounts due to banks stood at €117.9 billion, up €12.8 billion over 2010 (12%). This figure includes the sharp decline in securities sold under repurchase agreements (-€22.1 billion) and demand deposits (-€3.6 billion), which was offset by the increase in term deposits (€38.3 billion).

Debt securities

Debt securities amounted to €222.3 billion at December 31, 2011, down €0.6 billion for the period. This steady figure is due to uneven trends: an increase in bond issues (+€7.3 billion) coupled with a decrease in the use of interbank market instruments and negotiable debt securities (down €8.3 billion).

Equity attributable to the parent company

Equity attributable to the parent company totaled €45.1 billion at December 31, 2011, compared to €47.4 billion a year earlier. This increase was mainly due to:

- the incorporation of income for the period: +€2.7 billion;
- dividend payments: -€0.6 billion;
- the capital increases carried out by the Banque Populaire banks and the Caisses d'Epargne during the year; +€0.5 billion;
- interest on perpetual deeply subordinated notes: -€0.3 billion after tax;
- the impact of the buyback of deeply subordinated notes: -€2.2 billion;
- the impact of the buyback of preference shares from the French Government: -€1.2 billion;
- the trend in gains and losses recognized directly in equity: -€1.2 billion.

4.4 BPCE SA group financial data

4.4.1 BPCE SA group results

BPCE SA group's net income is calculated by restating the contribution of non-consolidated entities and adding back the share of income of the Banque Populaire banks and the Caisses d'Epargne obtained through the cooperative investment certificates (CICs) held by Natixis.

In 2011, the transition from Groupe BPCE's net income to BPCE SA group's net income broke down as follows:

in millions of euros	2011
GROUPE BPCE NET INCOME	**2,685**
Entities not consolidated or consolidated under a different method[(1)]	(2,562)
Contribution of Banque Populaire banks & Caisses d'Epargne (*via* Natixis CICs)	417
Other items[(2)]	(138)
BPCE SA GROUP NET INCOME	**402**

(1) Including Banques Populaires, Caisses d'Epargne and their local subsidiaries, Nexity.
(2) Including the impact of elimination of real estate gains following the sale of Eurosic.

The Group recorded a profit of nearly €0.4 billion, mainly impacted by a cost of risk multiplied by a factor of more than three, notably including impairment losses on Greek government bonds amounting to -€0.9 billion.

	Commercial Banking and Insurance		CIB, Investment Solutions and SFS		Equity interests		Workout portfolio management and Other businesses		BPCE SA group		Change	
in millions of euros	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	€m	%
Net banking income	1,832	1,821	5,795	5,890	844	856	639	700	9,110	9,267	(157)	(1.7)%
Operating expenses	(1,254)	(1,199)	(3,831)	(3,762)	(781)	(768)	(728)	(1,179)	(6,594)	(6,908)	314	(4.5)%
Gross operating income	**578**	**622**	**1,964**	**2,128**	**63**	**88**	**(89)**	**(479)**	**2,516**	**2,359**	**157**	**6.7%**
Cost/income ratio	68.4%	65.8%	66.1%	63.9%	92.5%	89.7%	n/a	n/a	72.4%	74.5%	-	n/a
Cost of risk	(252)	(228)	(183)	(278)	(34)	(34)	(1,202)	14	(1,671)	(526)	(1,145)	n/a
Operating income/(loss)	**326**	**394**	**1,781**	**1,850**	**29**	**54**	**(1,291)**	**(465)**	**845**	**1,833**	**(988)**	**(53.9)%**
Share of net income/(loss) of associates	723	670	14	19	(115)	6	(68)	(10)	554	685	(131)	(19.1)%
Net gains or losses on other assets	(16)	34	2	16	(6)	(20)	(113)	(119)	(133)	(89)	(44)	49.4%
Change in the value of goodwill							(87)	0	(87)	0	(87)	n/a
Income/(loss) before tax	**1,033**	**1,098**	**1,797**	**1,885**	**(92)**	**40**	**(1,559)**	**(594)**	**1,179**	**2,429**	**(1,250)**	**(51.5)%**
Income tax	(121)	(132)	(531)	(492)	(37)	(41)	345	252	(344)	(413)	69	(16.7)%
Minority interests	(185)	(168)	(378)	(420)	(4)	(4)	134	141	(433)	(451)	18	(4.0)%
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	**727**	**798**	**888**	**973**	**(133)**	**(5)**	**(1,080)**	**(201)**	**402**	**1,565**	**(1,163)**	**(74.3)%**

Net income for 2011 reflects:

- the strong performance by Commercial Banking and Insurance despite an unfavorable business environment, underpinned by the strength of the two traditional networks *via* Natixis CICs (€417 million) and the recovery in BPCE IOM but penalized by Real Estate Financing, which saw its income halved;
- limited losses for CIB, Investment Solutions and SFS under adverse market conditions, especially for CIB and Investment Solutions (Insurance);
- losses incurred by Equity interests, due mainly to the adjustment in the valuation of Volksbank Romania, resulting in a loss of -€116 million;
- losses for Workout portfolio management and Other businesses, notably due to the recognition of impairments on Greek sovereign debt, changes in goodwill totaling -€87 million (including Banco Primus totaling -€29 million, and Coface, totaling -€43 million, etc.) and GAPC results (-€75 million).

4.4.2 Analysis of the consolidated balance sheet and financial structure of BPCE SA group

			Change	
in billions of euros	12/31/2011	12/31/2010	€bn	%
Cash and amounts due from central banks	11.7	19.7	(8.0)	(40.6)%
Financial assets at fair value through profit or loss	234.8	161.6	73.2	45.3%
Hedging derivatives	11.0	7.3	3.7	50.7%
Available-for-sale financial assets	51.3	41.4	9.9	23.9%
Loans and receivables due from credit institutions repayable on demand	167.1	183.3	(16.2)	(8.8)%
Loans and receivables due from customers	245.2	260.4	(15.2)	(5.8)%
Revaluation differences on portfolios hedged against interest-rate risk	4.5	2.1	2.4	n/a
Held-to-maturity financial assets	4.6	6.2	(1.6)	(25.8)%
Current and deferred tax assets and other assets	58.9	51.8	7.1	13.7%
Securities	3.7	4.0	(0.3)	(7.5)%
Goodwill	2.9	3.6	(0.7)	(19.4)%
ASSETS	**795.7**	**741.4**	**54.3**	**7.3%**
Amount due to central banks	0.0	0.5	(0.5)	n/a
Financial liabilities at fair value through profit or loss	229.8	160.9	68.9	42.8%
Hedging derivatives	9.4	6.8	2.6	38.2%
Amounts due to credit institutions repayable on demand	162.8	153.6	9.2	6.0%
Amounts due to customers	61.2	77.4	(16.2)	(20.9)%
Debt securities	212.4	223.0	(10.6)	(4.8)%
Revaluation differences on portfolios hedged against interest-rate risk	1.4	1.0	0.4	40.0%
Current and deferred tax liabilities and other liabilities	35.2	30.5	4.7	15.4%
Technical reserves of insurance companies	41.7	40.5	1.2	3.0%
Provisions	2.0	2.0	0.0	0.0%
Subordinated debt	12.1	14.2	(2.1)	(14.8)%
Equity attributable to equity holders of the parent	21.6	25.1	(3.5)	(13.9)%
Minority interests	6.1	5.9	0.2	3.4%
LIABILITIES	**795.7**	**741.4**	**54.3**	**7.3%**

At December 31, 2011, BPCE SA group had total assets of €795.7 billion, up 7.3% from a year earlier.

This increase can mainly be attributed to financial assets and liabilities at fair value through profit or loss, which rose by €73.2 billion and €68.9 billion, respectively, relative to December 31, 2010.

Furthermore, equity attributable to the parent company totaled €21.6 billion at December 31, 2011, against €25.1 billion a year earlier. The drop of -€3.5 million is due primarily to:

- the allocation of income for the period: +€0.4 billion;
- dividend payments: -€0.1 billion;
- interest on perpetual deeply subordinated notes: -€0.3 billion after tax;
- the impact of the buyback of deeply subordinated notes: -€2.2 billion;
- the impact of the buyback of preference shares from the French Government: -€1.2 billion;
- the favorable trend in gains and losses recognized directly in equity: -€0.4 billion.

4.5 Recent developments and outlook

Events after the balance sheet date

On February 15, 2012, BPCE announced the sale of its 24.5% Equity interest in Volksbank International (excluding Volksbank Romania) to the Russian banking group, Sberbank. At December 31, 2011, this stake was evaluated on the basis of the terms of this agreement and the disposal will therefore have no impact on 2012 income.

Outlook for 2012: mild, temporary recession

A rapid improvement in European governance is essential for restoring confidence for investors and cutting short their wait-and-see attitude in 2012. Above and beyond the uncertainty surrounding the integrity of the euro zone, the economic outlook is fragile. Moreover, the debt reduction trend in both the private and public sectors that began in 2009 is expected to curb growth, with a resulting impact on the GDP trend in France in 2012. The continuing fiscal consolidation effort, the scale of the credit crunch, the resiliency of capital spending in the context of historically low margin rates and the deterioration of market opportunities, both internal and external, are additional factors having a major impact on business.

Against this backdrop, the Group remains focused on the targets defined in the 2010-2013 strategic plan, "Together", and, in particular:

- enhancing its financial solidity: in 2011 the Group continued to tightly control of its risk-weighted assets and enhanced its capital adequacy with a Basel 2.5 Core Tier-1 capital ratio of 9.1%. Furthermore, it is allocating a substantial amount of its income to reserves;
- the Group's continued commitment to financing the French economy;
- the networks' commitment to customer outreach;
- increasing revenue and cost synergies.

5

FINANCIAL REPORT

5.1 IFRS Consolidated Financial Statements of Groupe BPCE as at December 31, 2011

5.1.1 Consolidated balance sheet

ASSETS

in millions of euros	Notes	12/31/2011	12/31/2010
Cash and amounts due from central banks		15,995	24,143
Financial assets at fair value through profit or loss	*5.1.1*	225,477	167,523
Hedging derivatives	*5.2*	11,320	7,511
Available-for-sale financial assets	*5.3*	84,826	68,057
Loans and receivables due from credit institutions	*5.5.1*	141,471	140,546
Loans and receivables due from customers	*5.5.2*	571,880	562,565
Remeasurement adjustments on interest-rate risk hedged portfolio		5,471	2,504
Held-to-maturity financial assets	*5.7*	8,864	9,187
Current tax assets		1,246	958
Deferred tax assets	*5.8*	5,253	4,728
Accrued income and other assets	*5.9*	50,804	43,281
Non-current assets held for sale		0	43
Deferred profit sharing	*5.10*	902	0
Investments in associates	*5.11*	2,149	2,425
Investment property	*5.12*	2,028	2,793
Property, plant & equipment	*5.13*	4,819	5,084
Intangible assets	*5.13*	1,385	1,934
Goodwill	*5.14*	4,505	5,160
TOTAL ASSETS		**1,138,395**	**1,048,442**

LIABILITIES

in millions of euros	Notes	12/31/2011	12/31/2010
Amounts due to central banks		15	490
Financial liabilities at fair value through profit or loss	*5.1.2*	227,996	160,450
Hedging derivatives	*5.2*	9,979	7,135
Amounts due to credit institutions	*5.15.1*	117,914	105,102
Amounts due to customers	*5.15.2*	398,737	393,992
Debt securities	*5.16*	222,318	222,890
Remeasurement adjustments on interest-rate risk hedged portfolio		1,731	1,238
Current tax liabilities		314	365
Deferred tax liabilities	*5.8*	412	388
Accrued expenses and other liabilities	*5.17*	46,804	40,883
Technical reserves of insurance companies	*5.18*	46,785	45,506
Provisions	*5.19*	4,634	4,791
Subordinated debt	*5.20*	11,882	13,847
Consolidated equity		**48,874**	**51,365**
Equity attributable to equity holders of the parent		**45,136**	**47,385**
Share capital and additional paid-in capital		26,188	26,819
Retained earnings		17,919	17,409
Gains and losses recognized directly in equity		(1,656)	(483)
Net income for the period		2,685	3,640
Minority interests		3,738	3,980
TOTAL LIABILITIES AND EQUITY		**1,138,395**	**1,048,442**

5.1.2 Consolidated income statement

in millions of euros	Notes	Fiscal year 2011	Fiscal year 2010
Interest and similar income	*6.1*	32,923	29,574
Interest and similar expenses	*6.1*	(20,414)	(17,392)
Commission income	*6.2*	9,120	9,052
Commission expense	*6.2*	(1,673)	(1,630)
Net gains or losses on financial instruments at fair value through profit or loss	*6.3*	585	1,881
Net gains or losses on available-for-sale financial assets	*6.4*	300	44
Income from other activities	*6.5*	11,070	11,770
Expenses from other activities	*6.5*	(8,554)	(9,940)
Net banking income		**23,357**	**23,359**
Operating expenses	*6.6*	(14,948)	(15,017)
Depreciation, amortization and impairment for property, plant and equipment and intangible assets		(933)	(1,040)
Gross operating income		**7,476**	**7,302**
Cost of risk	*6.7*	(2,769)	(1,654)
Operating income		**4,707**	**5,648**
Share of net income of associates	*6.8*	(7)	217
Net gain or loss on other assets	*6.9*	52	(78)
Change in value of goodwill	*6.10*	(89)	(38)
Income before tax		**4,663**	**5,749**
Income tax	*6.11*	(1,640)	(1,716)
Net income		**3,023**	**4,033**
Minority interests		(338)	(393)
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**2,685**	**3,640**

5.1.3 Statement of net income and gains and losses recognized directly in equity

in millions of euros	Fiscal year 2011	Fiscal year 2010
Net income	**3,023**	**4,033**
Foreign exchange rate adjustments	153	290
Change in the value of available-for-sale financial assets	(1,810)	(52)
Change in the value of hedging derivatives	(41)	234
Taxes	647	51
Share of gains and losses recognized directly in the equity of associates	(65)	(8)
GAINS AND LOSSES RECOGNIZED DIRECTLY IN EQUITY (AFTER TAX)	**(1,116)**	**515**
NET INCOME AND GAINS AND LOSSES RECOGNIZED DIRECTLY IN EQUITY	**1,907**	**4,548**
Attributable to equity holders of the parent	1,512	3,988
Minority interests	395	560

5.1.4 Statement of changes in equity

in millions of euros	Share capital[1]	Additional paid-in capital[1]	Preference shares	Perpetual deeply subordinated notes	Retained earnings[2]
	Share capital and additional paid-in capital				
SHAREHOLDERS' EQUITY AT JANUARY 1, 2010	**13,416**	**10,173**	**3,000**	**6,250**	**11,980**
Consolidation of local savings companies [3]					1,647
Dividend payments					(501)
Increase in capital[4]	2,032	1			(137)
Buyback of deeply subordinated notes				(1,300)	
Interest on deeply subordinated notes					(409)
Buyback of preference shares[5]			(1,800)		(102)
Impact of acquisitions and disposals on minority interests					
Gains and losses recognized directly in equity					
Net income					
Change in accounting policies					(22)
Other changes					(1)
SHAREHOLDERS' EQUITY AT DECEMBER 31, 2010	**15,448**	**10,174**	**1,200**	**4,950**	**12,455**
Appropriation of net income for 2010					3,640
SHAREHOLDERS' EQUITY AT JANUARY 1, 2011	**15,448**	**10,174**	**1,200**	**4,950**	**16,095**
Dividend payments					(567)
Reclassification of guarantee deposits from mutual guarantee companies[6]	(185)				
Increase in capital[4]	750	2			(244)
Buyback of deeply subordinated notes				(1,697)	(245)
Interest on deeply subordinated notes					(286)
Buyback of preference shares[5]			(1,200)		(20)
Impact of acquisitions and disposals on minority interests					(66)
Gains and losses recognized directly in equity					
Net income					
Other changes					(3)
SHAREHOLDERS' EQUITY AT DECEMBER 31, 2011	**16,013**	**10,176**	**0**	**3,253**	**14,664**

(1) At December 31, 2011, the items "share capital" and "additional paid-in income" comprise the capital of the Banque Populaire banks and the Caisses d'Epargne in respective amounts of €7.4 billion and €8.6 billion (€6.9 billion and €8.5 billion at December 31, 2010) and additional paid-in capital of €4.2 billion and €5.9 billion respectively (€4.2 billion and €5.9 billion at December 31, 2010). The cooperative investment certificates (CICs) issued by the Banque Populaire banks and Caisses d'Epargne, which are held by Natixis, were eliminated from retained earnings based on the Group's percentage interest in Natixis.

(2) & (4) In 2011, the Banque Populaire banks and the Caisses d'Epargne carried out a capital increase of €0.5 billion (€1.9 billion in 2010). These changes are reflected in a €0.7 billion increase in the "share capital" and "additional paid-in capital" items (€2.0 billion in 2010); the €0.2 billion share relating to CICs and treasury shares has been removed from retained earnings.

(3) The local savings companies have been consolidated since January 2010. Their first consolidation increased the capital by €1.6 billion. This amount represents the capital of the local savings companies, net of the shares held in the Caisses d'Epargne.

(5) In 2011, BPCE completed the buy-back of preference shares subscribed for by the French government totaling €1.2 billion. As of December 31, 2011, there were no outstanding preference shares. In 2010, BPCE bought back preference shares subscribed for by the French government for a total of €1.8 billion.

(6) In 2011, Groupe BPCE reviewed the characteristics of the Mutual Guarantee Fund set up by customers and concluded that these funds do not constitute equity. As a result, these funds were reclassified as subordinated debt (note 5.20).

Gains and losses recognized directly in equity						
	Change in fair value of financial instruments					
Foreign exchange rate adjustments	Available-for-sale financial assets	Hedging derivatives	Net income attributable to equity holders of the parent	Shareholders' equity	Minority interests	Total consolidated equity
(198)	**71**	**(704)**		**43,988**	**3,806**	**47,794**
				1,647		1,647
				(501)	(49)	(550)
				1,896	(117)	1,779
				(1,300)		(1,300)
				(409)	(55)	(464)
				(1,902)		(1,902)
					(177)	(177)
207	(20)	162		348	167	515
			3,640	3,640	393	4,033
				(22)		(22)
				(1)	11	10
9	**51**	**(542)**	**3,640**	**47,385**	**3,980**	**51,365**
			(3,640)			
9	**51**	**(542)**		**47,385**	**3,980**	**51,365**
				(567)	(370)	(937)
				(185)		(185)
				508	(40)	468
				(1,942)	(29)	(1,971)
				(286)	(54)	(340)
				(1,220)		(1,220)
				(66)	(126)	(192)
93	(1,236)	(30)		(1,173)	57	(1,116)
			2,685	2,685	338	3,023
				(3)	(18)	(21)
102	**(1,185)**	**(572)**	**2,685**	**45,136**	**3,738**	**48,874**

5.1.5 Consolidated cash flow statement

in millions of euros	12/31/2011	12/31/2010
Income before tax	**4,663**	**5,749**
Net depreciation and amortization of property, plant and equipment, and intangible assets	1,041	1,083
Goodwill impairment	89	38
Net charge to provisions and provisions for impairment	1,625	3,025
Share in net income/(loss) of associates	(121)	(318)
Net cash flows generated by investing activities	(717)	(862)
Income/expense from financing activities	501	545
Other movements	(1,385)	17,161
Total non-monetary items included in net income/(loss) before tax	**1,033**	**20,672**
Net increase or decrease arising from transactions with credit institutions	29,400	(8,814)
Net increase or decrease arising from transactions with customers	11,527	(5,324)
Net increase or decrease arising from transactions involving financial assets and liabilities	(14,869)	10,520
Net increase or decrease arising from transactions involving non-financial assets and liabilities	(17,882)	(11,239)
Taxes paid	(1,072)	(543)
Net increase/(decrease) in assets and liabilities resulting from operating activities	**7,104**	**(15,400)**
Net cash flows generated by operating activities (A)	**12,800**	**11,021**
Net increase or decrease related to financial assets and equity investments	3,008	2,057
Net increase or decrease related to investment property	(261)	(50)
Net increase or decrease related to property, plant and equipment, and intangible assets	(995)	(725)
Net cash flows generated by investing activities (B)	**1,752**	**1,282**
Net increase (decrease) arising from transactions with shareholders[(1)]	(3,660)	(1,973)
Other increases or decreases generated by financing activities	(2,598)	(1,814)
Net cash flows generated by financing activities (C)	**(6,258)**	**(3,787)**
Impact of changes in exchange rates (D)	**(45)**	**(24)**
TOTAL NET CASH FLOWS (A+B+C+D)	**8,249**	**8,492**
Cash and net balance of accounts with central banks		
Cash and net balance of accounts with central banks (assets)	24,143	13,069
Due to central banks (liabilities)	(490)	(214)
Net balance of demand transactions with credit institutions		
Current accounts with overdrafts[(2)]	5,974	6,153
Demand accounts and loans	1,194	6,803
Demand accounts in credit	(12,993)	(14,941)
Demand repurchase agreements	(604)	(2,138)
Opening cash and cash equivalents	**17,224**	**8,732**
Cash and net balance of accounts with central banks		
Cash and net balance of accounts with central banks (assets)	15,995	24,143
Due to central banks (liabilities)	(15)	(490)
Net balance of demand transactions with credit institutions		
Current accounts with overdrafts[(2)]	5,072	5,974
Demand accounts and loans	14,770	1,194
Demand accounts in credit	(9,162)	(12,993)
Demand repurchase agreements	(1,187)	(604)
Closing cash and cash equivalents	**25,473**	**17,224**
NET CHANGE IN CASH AND CASH EQUIVALENTS	**8,249**	**8,492**

(1) Cash flows from or to the shareholders include:
- *the buy-back of preference shares for -€1,200 million;*
- *the buy-back of deeply subordinated notes recorded in equity for -€1,971 million;*
- *net changes in equity of the Banque Populaire banks and Caisses d'Epargne amounting to +€468 million;*
- *dividend payouts, amounting to -€937 million.*

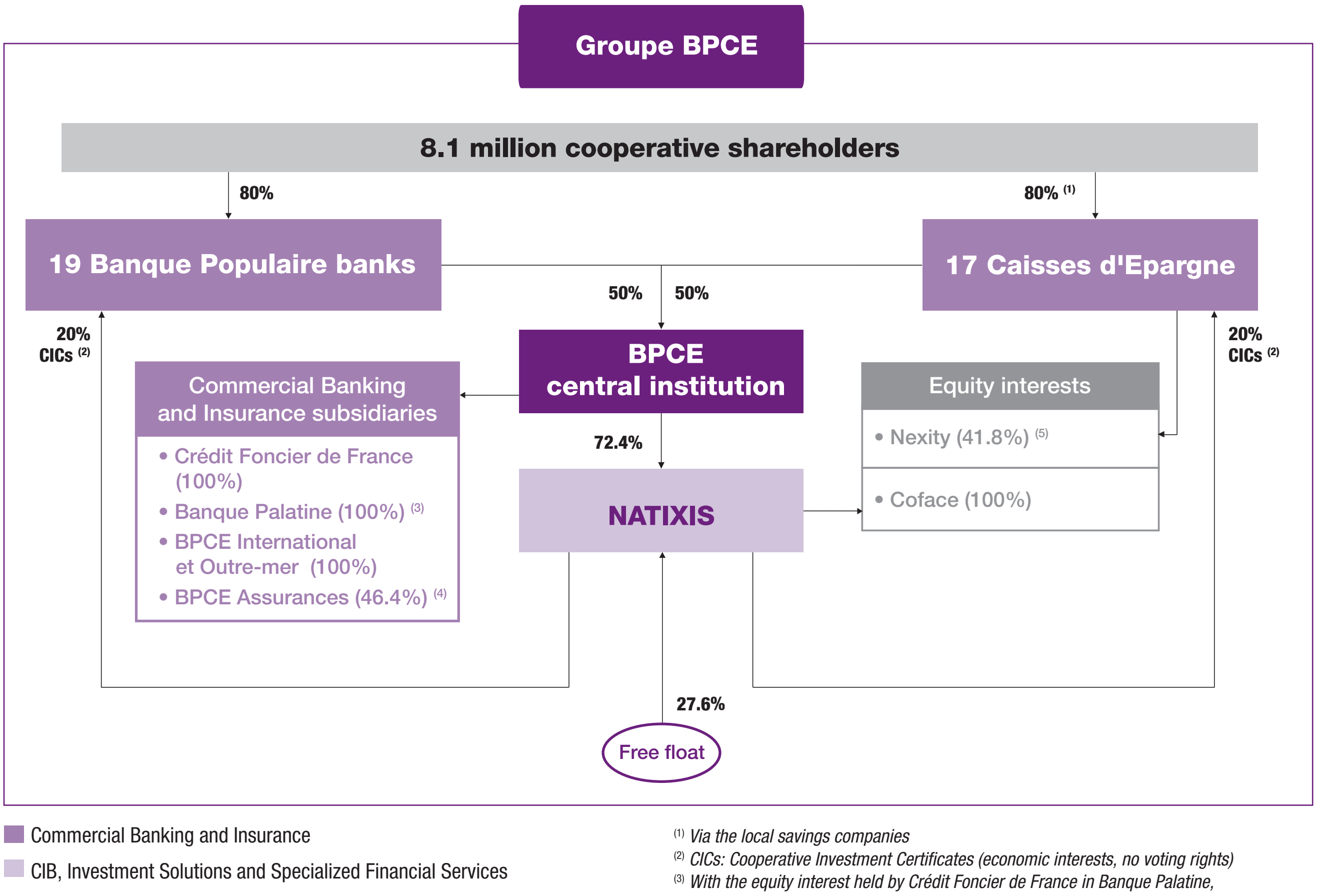
(2) Current accounts with overdrafts do not include Livret A and LDD funds deposits re-assigned to the Caisse des Dépôts et Consignations.

5.1.6 Notes to the financial statements of Groupe BPCE

Note 1 General background

1.1 GROUPE BPCE

The Groupe BPCE comprises the Banque Populaire network, the Caisse d'Epargne network, the BPCE central institution, and its subsidiaries.



(1) *Via the local savings companies*
(2) *CICs: Cooperative Investment Certificates (economic interests, no voting rights)*
(3) *With the equity interest held by Crédit Foncier de France in Banque Palatine, the group owns a 100% stake in the company*
(4) *With the equity interest held by the Caisses d'Epargne in BPCE Assurances, the group owns a 60% stake in the company*
(5) *Via CE Holding Promotion.*

The two banking networks: the Banque Populaire banks and the Caisses d'Epargne

The Groupe BPCE is a cooperative group whose shareholders own the two retail banking networks, the 19 Banque Populaire banks and the 17 Caisses d'Epargne. Each of the two networks owns an equal share in BPCE, the Group's central institution.

The Banque Populaire network consists of the Banque Populaire banks and the mutual guarantee companies granting them the exclusive benefit of their guarantees.

The Caisse d'Epargne network consists of the Caisses d'Epargne et de Prévoyance and the local savings companies.

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 local LSCs are cooperative structures with an open-ended share capital owned by cooperative shareholders. The LSCs are tasked with coordinating the cooperative shareholder base, in line with the general objectives defined by the individual Caisse d'Epargne to which they are affiliated and cannot perform banking transactions.

BPCE

BPCE, a central institution as defined by French banking law and a credit institution licensed to operate as a bank, was created pursuant to Law No. 2009-715 of June 18, 2009. BPCE was incorporated as a *société anonyme* with a Management Board and a Supervisory Board, whose share capital is owned jointly and equally by the 17 Caisses d'Epargne and the 19 Banque Populaire banks.

BPCE's corporate mission embodies the continuity of the cooperative principles underlying 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 is the head entity of the Group and holds the joint ventures between the two networks in retail banking, corporate banking and financial services, and their production units. It defines the Group's corporate strategy and growth and expansion policies.

BPCE's main subsidiaries are organized around three major segments:

- Natixis, a 72.4%-owned listed company that combines Corporate and Investment Banking, Investment Solutions and Specialized Financial Services;
- Commercial Banking and Insurance (including Crédit Foncier de France, Banque Palatine and BPCE International et Outre-mer);
- Subsidiaries and Equity interests.

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 refund 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.

1.2 GUARANTEE MECHANISM

Pursuant to Article L. 512-107 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 associates, 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 associates to the fund's initial capital endowment and reconstitution.

BPCE manages the funds for the Banque Populaire network and the Caisse d'Epargne et de Prévoyance network and has put in place the Mutual Guarantee Fund.

The **Banque Populaire network fund** was formed by a deposit made by the Banks (€450 million) that was booked by BPCE in the form of a 10-year time deposit which is indefinitely renewable.

The deposit made to the **fund for the Caisses d'Epargne et de Prévoyance network** by the Caisses (€450 million) was booked by BPCE in the form of a 10-year time deposit which is indefinitely renewable.

The **Mutual Guarantee Fund** has been formed by deposits made by the Banque Populaire banks and the Caisses d'Epargne. These deposits were booked by BPCE in the form of 10-year time deposits which are indefinitely renewable. The amount of the deposits was €219 million as of December 31, 2011, and the funds will be topped up each year by an amount equivalent to 5% of the contributions made by the Banque Populaire banks, the Caisses d'Epargne, and their subsidiaries to the Group's consolidated income.

The total amount of deposits made to BPCE in respect of the funds for the Banque Populaire network, the fund for the Caisse d'Epargne et de Prévoyance network and the Mutual Guarantee Fund may not be less than 0.15% and may not exceed 0.3% of the total weighted assets of the Group.

The booking of deposits in the establishments' individual accounts under the guarantee and solidarity system results in the recording of an item of an equivalent amount under a dedicated capital heading.

The mutual guarantee companies (*sociétés de caution mutuelle*), whose sole corporate purpose is to guarantee 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 Mutuel 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 et de Prévoyance which is the shareholder of the local savings company concerned.

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

1.3.1 Repayment of the French government for preference shares and deeply subordinated notes

In March 2011, BPCE redeemed €1,200 million in preference shares and proceeded with the redemption of €1,000 million in deeply subordinated notes held by the Société de Prise de Participation de l'État (SPPE), a 100% state-owned investment company. With the completion of these two transactions, BPCE has fully reimbursed the French state.

This operation resulted in a decrease of €2,220 million in equity attributable to equity holders of the parent for 2011.

1.3.2 Sale of Foncia

On May 12, 2011, BPCE announced that it had entered into exclusive negotiations with a consortium including Bridgepoint and Eurazeo for the purpose of selling its 98% stake in Foncia. The transaction was concluded on July 26, 2011, for a total of €711 million.

It is reflected in the financial statements presented herein by:

- the removal of Foncia from the scope of consolidation as of June 30, 2011;
- the proceeds of the transaction amounted to -€141 million, recognized as «Net gain or loss on other assets».

Groupe BPCE's results for 2011 include the Foncia group's revenue for the first six months of 2011 (details provided in note 12).

Furthermore, under the agreements signed with the consortium, Groupe BPCE reinvested in the buyer's holding company in the form of equity and debt securities totaling €200 million.

1.3.3 Sale of Eurosic

On June 15, 2011, Nexity Participations and Banque Palatine sold their Equity interests in Eurosic (32.1% and 20.1% respectively) to Batipart, Covea and ACM Vie for a total of €318 million.

This sale is reflected in the financial statements presented herein by:

- the removal of Eurosic from the scope of consolidation as of June 30, 2011;
- proceeds totaling €167 million recognized as «Net gain or loss on other assets» and which include, in particular, the realization of unrealized capital gains on Groupe BPCE's historic buildings, which were transferred to Eurosic in 2007.

Groupe BPCE's results for 2011 include Eurosic's revenue for the first six months of 2011, which was not material.

1.3.4 Disposal of CIH

On January 20, 2012, after obtaining administrative approval, the Groupe BPCE finalized the sale of its indirect 23.8% interest in Crédit Immobilier et Hôtelier (CIH) to the Moroccan bank Caisse de Dépôts et de Gestion (CDG). This disposal is recognized in the consolidated financial statements at December 31, 2011.

1.3.5 Sovereign risk on certain European Union countries

Exposure amounts

Several euro area countries are facing economic difficulties and a crisis of confidence concerning their debt. Against this backdrop, in collaboration with the International Monetary Fund, the European Union put together support schemes for Greece (May 2010, July 2011 and October 2011, with the final terms agreed in February 2012), Ireland (November 2010) and Portugal (May 2011). The credit rating of other European countries including Spain and Italy also deteriorated significantly in 2011.

With respect to its banking activities, Groupe BPCE's exposure to the sovereign risk of these five countries as at December 31, 2011, presented using the method defined by the EBA (European Banking Authority), was the following:

Accounting classification *in millions of euros*	Banking book(1)				Trading book(2)		Total net exposures as at December 31, 2011	TOTAL net exposures as at December 31, 2010
	Loans and receivables	Available-for-sale financial assets	Held-to-maturity financial assets	Financial assets designated at fair value	Direct exposures	Indirect exposures		
Greece	164	75	330	7	54	52	682	1,330
Ireland	0	148	6	5		15	174	329
Italy	736	1,707	104	13	187	4	2,751	3,159
Portugal	0	51	4	42	(15)	17	99	207
Spain	1	20	13	6	(74)	(8)	(42)	(83)
TOTAL	**901**	**2,001**	**457**	**73**	**152**	**80**	**3,664**	**4,942**

(1) *Net book value of exposures at December 31, 2011, including a €929 million write-down on Greek securities.*
(2) *Fair value of long positions net of short positions.*

With the exception of Greek debt, the reduction in which primarily reflects the write-down recorded in 2011, the reduction in sovereign exposures during the period corresponds to the disposal of assets in the «Available-for-sale financial assets» category.

The maturity dates of net exposures in the banking book at December 31, 2011 are as follows:

in millions of euros	Remaining maturity						Total
	1 year	2 years	3 years	5 years	10 years	> 10 years	
Greece	100	38	17	(7)	68	466	682
Ireland	15	5	50	(17)	7	114	174
Italy	100	8	87	214	187	2,155	2,751
Portugal	82	10	9	(17)	15	0	99
Spain	49	(5)	(105)	(48)	53	14	(42)
TOTAL	**346**	**56**	**58**	**125**	**330**	**2,749**	**3,664**

The exposure of the Group's insurance businesses to the sovereign risk of these five countries at December 31, 2011, was as follows:

in millions of euros	12/31/2011 Gross exposure	12/31/2010 Gross exposure
Greece	171	768
Ireland	106	111
Italy	513	1,187
Portugal	96	380
Spain	174	363
TOTAL	**1,060**	**2,809**

These exposures are presented at their net book value after any impairment and are calculated without applying the rules governing profit sharing on life insurance portfolios.

Assessment of risks on Greek sovereign debt and calculation of the fair value

The lack of market liquidity, particularly since the second quarter of 2011 on Greek government bonds, has led the Group to use a valuation model to determine their fair value.

In this respect, and in the absence of observable market prices on the lines held, and doubts on how the negotiated rescue package will be implemented, BPCE observed an aggregated decline in Greek securities in 2011 representing an average of 70% of the par value. This observation is consistent with estimates on the best possible outcome of the private sector's exceptional participation in the rescue package. In this particular case, a prudent valuation of the positive effect of credit enhancements attached to certain securities was also recognized.

These forecasts anticipate the exchange of a former security with a par value of 100 against European Financial Stability Facility securities (with a par value of around 15) and Greek government securities (with a par value of around 35), as well as a 50% loss in par value. Moreover, government-issued Greek securities are expected to pay a lower interest rate than that of the market, thus generating an additional loss in the current value.

Risk assessment on Portuguese, Irish, Spanish and Italian sovereign debt and determination of fair value

Regarding Irish, Portuguese, Spanish and Italian sovereign debt, there is currently no objective evidence that the collectability of future cash flows from these securities is impaired. Therefore, they do not have to be written down in respect of counterparty risk exposure.

For these securities, fair value is the market price observed on December 31, 2011.

1.4 SUBSEQUENT EVENTS

1.4.1 Sale of VBI

On February 15, 2012 BPCE announced it had sold its 24.5% interest in Volksbank International (excluding Volksbank Romania) to the Russian banking group Sberbank.

At December 31, 2011 this interest was valued using the terms of the sale (see note 5.11) and the disposal will therefore have no impact on results for 2012.

Note 2 Applicable accounting standards 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, Groupe BPCE has prepared its consolidated financial statements for the fiscal year ended December 31, 2011 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 STANDARDS

The standards and interpretations used and detailed in the annual financial statements as at December 31, 2011 were complemented by standards, amendments and interpretations for which application is mandatory for reporting periods starting from January 1, 2011, and, more specifically, the revisions to IAS 24 – Related-Party Disclosures, and to IFRIC 14 and IAS 19 – "The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction - Prepayments of a Minimum Funding Requirement."

The other standards, amendments and interpretations adopted by the European Union, application of which was mandatory in 2011, 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.

The Group has set up working groups to assess the financial and organizational implications and impact of IFRS 9, 10, 11 and 12.

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.

These estimates are 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 period ended December 31, 2011, the accounting estimates involving assumptions were mainly used for the following measurements:

- the fair value of financial instruments determined on the basis of valuation models (note 4.1.6);
- the amount of impairment of financial assets, and more specifically permanent impairment losses on available-for-sale assets and impairment losses on an individual basis or calculated on the basis of portfolios (note 4.1.7);
- provisions recorded under liabilities in the balance sheet and more specifically the provision for regulated home savings products (note 4.5) and provisions for insurance contracts (note 4.13);
- calculations related to the cost of pensions and future employee benefits (note 4.10);
- deferred taxes (note 4.12);
- goodwill impairment testing (note 3.4.3).

(1) These standards are on display at the website of the European Commission at the following URL: http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm

2.4 PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND BALANCE SHEET DATE

As no specific format is required under IFRS, the presentation used by the Group for summarized statements follows Recommendation No. 2009 R.04 issued by the *Conseil national de la comptabilité* (CNC, the French national accounting board) on July 2, 2009.

The consolidated financial statements are based on the individual financial statements as at December 31, 2011 of the entities included in the scope of consolidation. The Group's consolidated financial statements as at December 31, 2011 were approved by the Management Board on February 20, 2012. They will be presented to the General Shareholders' Meeting on May 24, 2012.

Note 3 Consolidation principles and methods

3.1 CONSOLIDATING ENTITY

The consolidating entity of Groupe BPCE comprises:

- the Banque Populaire banks, namely the 17 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 or Mutual guarantee companies) collectively affiliated with the Banque Populaire banks to which they are linked;
- the Group's central institution, BPCE.

In addition, Groupe BPCE comprises:

- the subsidiaries of the Banque Populaire banks;
- the subsidiaries of Caisses d'Epargne, including CE Participations and its subsidiaries (Nexity, *Habitat en Région*, etc.);
- the subsidiaries owned by the central institution, including Natixis, Crédit Foncier de France, Banque Palatine, etc.

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.

3.2 SCOPE OF CONSOLIDATION AND CONSOLIDATION METHODS

3.2.1 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 taken into account to calculate the percentage of ownership.

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 from the right to define financial and operational policy 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; these powers may be delegated by the setting up of an "autopilot" mechanism;
- 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 CONSOLIDATION RULES

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.

3.4.1 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 in force at the balance sheet date. Income and expense items are translated at the average exchange rate for the period, which is the approximate value of the transaction price if there are no significant fluctuations.

Foreign exchange rate adjustments 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 "Foreign exchange rate adjustments" and the portion attributable to minority shareholders under "Minority interests".

3.4.2 Elimination of intragroup transactions

The impact of intercompany transactions on the consolidated balance sheet and the income statement is eliminated on consolidation. Dividends, as well as gains and losses on intercompany asset disposals, are also eliminated. Where appropriate, capital losses resulting in impairment are maintained.

3.4.3 Business combinations

Transactions completed before January 1, 2010

All business combinations are accounted for by applying the purchase method, except business combinations involving two or more mutual entities or entities under joint control, as these transactions are explicitly excluded from the scope of the previous version of IFRS 3.

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 assets, liabilities and any liabilities at fair value. 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.

The marked-to-market value is defined as the fair value of the amount, less costs, 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.

Transactions completed after January 1, 2010

The treatments described are amended as follows by revised IFRS 3 and IAS 27:

- combinations between mutual entities are now included within the scope of IFRS 3;
- costs directly linked to business combinations are now recognized in income for the period;
- earnouts are now included in the acquisition cost at their fair value on the acquisition date, even if the earnouts are only potential. Depending on the settlement method, earnouts are recognized against:
  - capital and later price revisions will not be booked, or
  - debts and later adjustments are recognized against income (financial debts) or according to the appropriate standards (other debts outside the scope of IAS 39);
- on an entity's acquisition date, minority interests may be valued:
  - either at fair value (method resulting in the allocation of a share of the goodwill to minority interests),
  - or at their share in the fair value of the identifiable assets and liabilities of the entity acquired (method similar to that applicable to transactions prior to December 31, 2009).

The choice between these two methods must be made for each business combination.

Whatever method chosen when the acquisition is made, increases in the percentage stake in an entity already controlled will be systematically recognized in capital:

- when an entity is acquired, any share previously held by the Group must be revalued at fair value through profit or loss. Consequently, in the event of a step acquisition, the goodwill is determined by referring to the fair value at the acquisition date;
- when the Group loses control of a consolidated company, any share previously held by the Group must be revalued at fair value through profit or loss.

3.4.4 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 difference between this commitment and minority interests, which are the counterpart of debt, is recognized differently according to whether the commitments to buy out minority interests were concluded before January 1, 2010, which is when standards amended IFRS 3 and IAS 27 came into force (recognition in goodwill), or afterwards (recognition in capital).

Note 4 Accounting principles and measurement 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 calculation 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 comprises 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 each time the interest rate changes.

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 and 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. Exceptions to the rule apply in the following cases:

- a significant deterioration in the issuer's credit quality;
- a change in tax regulations canceling or significantly reducing the tax exemption on interest earned on investments held to maturity;
- a major business combination or significant withdrawal of activity (sale of a sector, for example) requiring the sale or transfer of held-to-maturity investments in order to maintain the entity's existing situation in terms of interest rate risk or its credit risk policy;
- a change in legal or regulatory provisions significantly modifying either the definition of an eligible investment or the maximum amount of certain types of investment, requiring that the entity dispose of a held-to-maturity asset;
- a significant increase in capital requirements forcing the entity to restructure by selling held-to-maturity assets;
- a significant increase in the risk weighting of held-to-maturity assets in terms of prudential capital regulations.

In the exceptional cases described above, the income from the disposal is recorded under «Net gains or losses on available-for-sale financial assets».

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 and which are not quoted in an active market. In addition, these assets must not be exposed to a risk of material losses unrelated to a 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).

When a financial asset recorded under loans and receivables is sold before its maturity, the income from the disposal is recorded under «Net gains or losses on available-for-sale financial assets»

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.

On the closing date, they are carried at their fair value and changes in fair value are recorded under «Gains and losses recognized directly in equity» (except for foreign currency money market securities, for which changes in the fair value of the foreign currency component affect net income). 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 or similar income". Interest income accrued or received on variable-income securities is recorded under "Available-for-sale financial assets".

Date of recognition

Securities are recorded in 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 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.

Preference shares

Given the characteristics of these instruments, the preference shares issued by the Groupe BPCE and subscribed for 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 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)

Applying the option enables the elimination of accounting mismatches stemming from the application of different valuation rules to instruments managed in accordance with a single strategy; this accounting treatment applies in particular to certain structured loans granted to local authorities.

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 some structured debt issues containing material embedded derivatives.

4.1.5 Derivative financial 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 or as net investment hedges in foreign currency.

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 revaluation 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 revaluation 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 in the balance sheet in respect of the hedged item is amortized over the residual life of the initial hedge. If the hedged item is sold before maturity or redeemed early, the cumulative amount of the remeasurement 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 or 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 in future 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" instrument 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 instrument are identical to those of the hedged item. Effectiveness is then assessed by comparing the changes in value of the hypothetical instrument 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

Certain 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 revaluation of the hedged item are recorded in "Remeasurement adjustments on interest rate risk hedged portfolios".

The hedges are deemed effective if the derivatives offset the interest rate risk on the underlying fixed-rate portfolio.

Effectiveness is tested in two ways:

- asset-based testing: for plain-vanilla swaps designated as hedging instruments at inception, the Group verifies prospectively at the date the instrument is designated as a hedge and retrospectively at each balance sheet date 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 revaluation adjustment is amortized on a straight-line basis over the remaining term of the initial hedge, if the hedged item has not been derecognized. It is taken directly to income if the hedged item is no longer recorded in the balance sheet. In particular, derivatives used for macro-hedging may be disqualified for hedge accounting purposes when the nominal amount of the hedged items falls below the nominal amount of the hedging instruments, for example in the case of the prepayment of loans or the withdrawal of deposits.

HEDGING 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 based 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 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:

- the inputs 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.

Instruments measured using level 2 inputs include:

- mostly over-the-counter simple derivatives;
- securities not listed on an active market whose fair value is determined using observable market data (for example using market data for listed peers or the earnings multiple method);
- shares of UCITS whose NAV is not determined and published on a daily basis, but are subject to regular reporting or offer observable data from recent transactions;
- debt securities designated at fair value, mainly by Natixis, and to a lesser extent Crédit Foncier de France. The methodology used by Natixis to value the «issuer credit risk» component of issues designated at fair value is based on the discounting of future cash flows using directly observable inputs (yield curve, remeasurement adjustment, etc.). For each issue, this valuation represents the product of the notional amount outstanding and its sensitivity, taking into account the existence of calls and the difference between the remeasurement adjustment (based on the BPCE cash ask curve at December 31, 2011 and the Natixis senior CDS curve at December 31, 2010) and the average issue spread. Changes in the issuer spread are generally insignificant for issues with initial duration of less than one year.

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 instruments derived from securitization: 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 traded in active markets and instruments valued using accepted models drawing solely on observable market inputs are deemed to meet this condition.

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. These notably include:

- 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) provided 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 36 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. An impairment charge is recorded in the income statement if the Group determines that the value of the asset will not be recovered in its entirety.

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. Losses are recorded under «Net gains or losses on available-for-sale financial assets» and any subsequent increase in value is taken to equity until disposal of the securities.

Impairment losses are recognized on debt instruments such as bonds or securitized transactions when there is a known counterparty risk.

The Group uses the same impairment indicators for debt securities as those used for individually assessing the impairment risk on loans and receivables, irrespective of the portfolio to which the debt securities are ultimately designated. For perpetual deeply subordinated notes, particular attention is also paid if, under certain conditions, the issuer may be unable to pay the coupon or extend the issue beyond the scheduled redemption date.

In the event of an improvement in the issuer's financial position, impairment losses taken on debt instruments may be written back to the income statement. Impairment losses and write-backs are recorded in "Cost of risk".

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. On an individual level, the criteria for deciding whether or not a credit risk has been incurred include the existence of payments past due by more than three months (six months for real estate and nine months for loans to local authorities) or, independently of the existence of a missed payment, the existence of an incurred credit risk or litigious proceedings;
- 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 recoverable future cash flows 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 unimpaired outstandings on an individual basis. In accordance with standard IAS 39, these are grouped together in portfolios with similar credit risk characteristics that undergo a collective impairment test.

Outstanding loans are included in a group of similar loans in terms of the sensitivity of risk based on the Group's internal rating system. The portfolios subject to the impairment test are those relating to counterparties with ratings that have been significantly downgraded since granting, and which therefore are considered sensitive. These loans undergo impairment, although credit risk cannot be individually allocated to the different counterparties making up these portfolios, as the loans in question collectively show objective evidence of impairment.

The amount of impairment is determined based on historical data on the probability of default at maturity and the expected losses, adjusted, if necessary, to take into account the prevailing circumstances at the balance sheet date.

This approach may also be supplemented by an industry or geographical analysis generally 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 at maturity across the identified population.

4.1.8 Reclassifications of financial assets

Several types of reclassification are authorized:

Reclassifications authorized prior to the amendments to IAS 39 and IFRS 7 adopted by the European Union on October 15, 2008:

These notably include «Available-for-sale financial assets» reclassified as «Held-to-maturity financial assets».

Any fixed-income security with a set maturity date defined as «Held-to-maturity financial assets» may be reclassified if the Group changes its management strategy and decides to hold the security to maturity. The Group must also have the ability to hold this instrument to maturity.

Reclassifications authorized since the amendments to IAS 39 and IFRS 7 adopted by the European Union on October 15, 2008:

These standards define the terms for reclassifying 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 generally 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 in 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.

If all the conditions for derecognizing a financial asset are not met, the Group keeps the asset in the balance sheet and records a liability representing the obligations arising when the asset is transferred.

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 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 certain insurance entities, which recognize the property they hold 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 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 property 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;
- 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. 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 which the timing or amount is uncertain, but which can be reliably estimated. They correspond to current obligations (legal or implicit), resulting from a past event, and for which the outflow of resources will probably be necessary to settle them.

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.

Movements in provisions are recognized in the income statement on the line items corresponding to the nature of future expenditure.

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 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 banking 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 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. Non-monetary assets 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 by 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 is for the major part of the economic life of the asset;
- 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 (capital loss on the asset, etc.);
- gains or losses from the change in the fair value of the residual 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 present value of the minimum lease payments receivable by the lessor plus the non-guaranteed 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.

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 consists in allocating 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 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.

4.10.4 Post-employment benefits

Post-employment benefits include lump-sum retirement bonuses, pensions and other post-employment benefits.

These benefits can be broken down 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 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, 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 profit-sharing 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 profit-sharing features.

The discretionary profit-sharing 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 profit-sharing 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 profit-sharing 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 profit-sharing 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' profit-sharing 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 completion 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 consolidated balance sheet

5.1 FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets and liabilities at fair value through profit or loss comprise instruments held for trading, including derivatives, and certain assets and liabilities that the Group has chosen to recognize at fair value, 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 and 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.

	12/31/2011			12/31/2010		
in millions of euros	Trading	Fair value option	Total	Trading	Fair value option	Total
Treasury bills and similar securities	16,826	40	16,866	14,574	640	15,214
Bonds and other fixed-income securities	14,683	4,566	19,249	17,299	4,138	21,437
Fixed-income securities	**31,509**	**4,606**	**36,115**	**31,873**	**4,778**	**36,651**
Equities and other variable-income securities	**10,277**	**11,609**	**21,886**	**14,536**	**12,056**	**26,591**
Loans to credit institutions	235	2	237	3,126	27	3,153
Loans to customers	672	8,614	9,286	1,058	9,651	10,710
Loans	**907**	**8,616**	**9,523**	**4,184**	**9,678**	**13,862**
Repurchase agreements and other financial liabilities	**0**	**47,272**	**47,272**	**0**	**10,277**	**10,277**
Trading derivatives	**110,681**	**////**	**110,681**	**80,141**	**////**	**80,141**
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	**153,374**	**72,103**	**225,477**	**130,734**	**36,789**	**167,523**

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	1,616	781	2,209	4,606
Equities and other variable-income securities	9,015	2,594		11,609
Loans and repurchase agreements	8,166	47,586	136	55,888
TOTAL AS AT 12/31/2011	**18,797**	**50,961**	**2,345**	**72,103**

Financial assets accounted for under the fair value option mainly concern certain contracts for structured loans to local authorities and structured bonds hedged by derivatives not designated as hedging instruments, assets containing embedded derivatives and 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 also 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

The statement below shows the portion of fair value attributable to credit risk for loans and receivables recorded under the fair value option. When purchases of protection were made in connection with loan arrangements, the fair value of linked credit derivatives is also stated.

	12/31/2011				12/31/2010			
in millions of euros	Exposure to credit risk	Related credit derivatives	Change in fair value attributable to credit risk	Change in fair value of related credit derivatives	Exposure to credit risk	Related credit derivatives	Change in fair value attributable to credit risk	Change in fair value of related credit derivatives
Loans to credit institutions	2				27			
Loans to customers	8,614		(44)		9,651		(73)	
TOTAL	**8,616**	**0**	**(44)**	**0**	**9,678**	**0**	**(73)**	**0**

5.1.2 Financial liabilities 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	12/31/2011	12/31/2010
Repurchase agreements	26,560	25,736
Other financial liabilities	2,328	4,228
Financial liabilities held for trading	**28,888**	**29,964**
Trading derivatives	**114,576**	**80,354**
Interbank term accounts and loans	781	918
Customer term accounts and loans	246	345
Debt securities	21,714	41,090
Subordinated debt	86	86
Repurchase agreements	61,686	7,671
Other financial liabilities	19	22
Financial liabilities designated at fair value	**84,532**	**50,132**
TOTAL FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS	**227,996**	**160,450**

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	781			781
Customer term accounts and loans	124	82	40	246
Debt securities	16,867	23	4,824	21,714
Subordinated debt			86	86
Repurchase agreements and other liabilities		61,705		61,705
TOTAL AS AT 12/31/2011	**17,772**	**61,810**	**4,950**	**84,532**

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 de France.

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 also 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

	12/31/2011				12/31/2010			
in millions of euros	Fair value	Contractual amount due to maturity	Difference	Difference attributable to credit risk	Fair value	Contractual amount due to maturity	Difference	Difference attributable to credit risk
Interbank term accounts and loans	781	620	161		918	770	148	
Customer term accounts and loans	246	250	(4)		345	252	93	
Debt securities	21,714	22,385	(671)	(819)	41,090	41,354	(264)	(531)
Subordinated debt	86	100	(14)	(22)	86	102	(16)	(16)
Repurchase agreements and other liabilities	61,705	61,710	(5)		7,693	7,693		
TOTAL	**84,532**	**85,065**	**(533)**	**(841)**	**50,132**	**50,171**	**(39)**	**(547)**

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.

Adjustments attributable to own credit risk (valuation of the issuer spread) amounted to €841 million (€547 million at December 31, 2010), including a positive impact on net banking income for the period of €295 million (€4 million in 2010).

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 or negative fair values are equal to the replacement value of these instruments, which may fluctuate significantly in response to changes in market data.

	12/31/2011			12/31/2010		
in millions of euros	Notional amount	Positive fair value	Negative fair value	Notional amount	Positive fair value	Negative fair value
Interest-rate instruments	4,400,975	73,034	74,378	4,368,517	55,687	53,383
Equity instruments	15,035	19	127	20,576	49	192
Foreign-exchange instruments	632,969	19,440	20,230	492,701	8,226	8,545
Other instruments	306,385	125	387	281,391	202	74
Futures and forwards	**5,355,364**	**92,618**	**95,122**	**5,163,185**	**64,164**	**62,194**
Interest-rate instruments	1,189,536	372	1,491	1,200,114	193	1,647
Equity instruments	33,147	3,768	3,741	102,896	3,715	3,746
Foreign-exchange instruments	155,566	572	1,317	180,099	716	1,402
Other instruments	137,756	278	174	383,320	388	339
Options	**1,516,005**	**4,990**	**6,723**	**1,866,429**	**5,012**	**7,134**
Credit derivatives	**426,307**	**13,073**	**12,731**	**756,027**	**10,965**	**11,026**
TOTAL TRADING DERIVATIVES	**7,297,676**	**110,681**	**114,576**	**7,785,641**	**80,141**	**80,354**

5.2 HEDGING DERIVATIVES

Derivatives may only be designated as hedges if they meet the criteria set out in IAS 39 at inception and throughout the term of the hedge. These criteria include formal documentation that the hedging relation between the derivatives and the hedged items is both prospectively and retrospectively effective.

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 and deposits. Cash flow hedging is also used to manage the overall interest rate risk position.

	12/31/2011			12/31/2010		
in millions of euros	Notional amount	Positive fair value	Negative fair value	Notional amount	Positive fair value	Negative fair value
Interest-rate instruments	512,194	8,066	6,231	488,150	4,982	4,363
Foreign-exchange instruments	22,479	2,851	3,409	21,341	2,074	2,428
Futures and forwards	**534,673**	**10,917**	**9,640**	**509,491**	**7,056**	**6,791**
Interest-rate instruments	7,736	105		8,139	180	
Options	**7,736**	**105**		**8,139**	**180**	
Fair value hedges	**542,409**	**11,022**	**9,640**	**517,630**	**7,236**	**6,791**
Interest-rate instruments	14,756	197	276	12,554	165	286
Foreign-exchange instruments	995	1	58	603		51
Futures and forwards	**15,751**	**198**	**334**	**13,157**	**165**	**337**
Interest-rate instruments	536	3	4	170	3	
Options	**536**	**3**	**4**	**170**	**3**	
Cash flow hedges	**16,287**	**201**	**338**	**13,327**	**168**	**337**
Credit derivatives	**1,693**	**97**	**1**	**1,778**	**107**	**7**
TOTAL HEDGING INSTRUMENTS	**560,389**	**11,320**	**9,979**	**532,735**	**7,511**	**7,135**

5.3 AVAILABLE-FOR-SALE FINANCIAL ASSETS

These are non-derivative financial assets that could 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	12/31/2011	12/31/2010
Treasury bills and similar securities	15,233	8,657
Bonds and other fixed-income securities	56,076	43,902
Impaired securities	385	613
Fixed-income securities	**71,694**	**53,172**
Equities and other variable-income securities	**15,375**	**17,133**
Loans to credit institutions	11	8
Loans to customers	74	65
Loans	**85**	**73**
Available-for-sale financial assets, gross	**87,154**	**70,378**
Impairment of fixed-income securities	(243)	(339)
Permanent impairment of equities and other variable-income securities	(2,085)	(1,982)
TOTAL AVAILABLE-FOR-SALE ASSETS, NET	**84,826**	**68,057**
Gains and losses recognized directly in equity on available-for-sale financial assets (before tax)	**(1,909)**	**510**

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 36-month period constitutes evidence of impairment.

These indicators were improved in 2010 with no material impact.

At December 31, 2011 gains and losses recorded directly in equity include an unrealized loss of €2,829 million on fixed-income securities and an unrealized loss of €339 million on variable-income securities[1]. The unrealized losses on variable-income securities mainly relate to unlisted securities, and €181 million relate to securities showing an unrealized loss for less than 6 months.

(1) *Excluding insurance securities, given the deferred profit-sharing mechanism.*

5.4 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

5.4.1 Fair value hierarchy of financial assets and liabilities

The following statement provides a breakdown of financial instruments by type of price and valuation model:

	12/31/2011				12/31/2010			
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	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	27,660	8,302	5,824	41,786	29,224	8,576	8,609	46,409
Derivatives	1,557	106,865	2,259	110,681	1,354	76,826	1,961	80,141
Other financial assets	61	846		907	257	3,927		4,184
Financial assets held for trading	**29,278**	**116,013**	**8,083**	**153,374**	**30,835**	**89,329**	**10,570**	**130,734**
Securities	11,859	3,222	1,134	16,215	12,953	3,122	759	16,834
Other financial assets		55,586	302	55,888		19,166	789	19,955
Financial assets designated at fair value through profit or loss	**11,859**	**58,808**	**1,436**	**72,103**	**12,953**	**22,288**	**1,548**	**36,789**
Hedging derivatives	**23**	**11,297**		**11,320**	**7**	**7,406**	**99**	**7,512**
Investments in associates	252	1,481	2,595	4,328	657	1,111	2,184	3,952
Other securities	60,267	17,244	2,879	80,390	54,239	7,139	2,623	64,001
Other financial assets	19	42	47	108	15	32	57	104
Available-for-sale financial assets	**60,538**	**18,767**	**5,521**	**84,826**	**54,911**	**8,282**	**4,864**	**68,057**
FINANCIAL LIABILITIES								
Securities	26,025	939		26,964	24,952	1,546	552	27,050
Derivatives	2,128	112,326	122	114,576	1,417	78,845	92	80,354
Other financial liabilities	7	1,917		1,924	7	2,907		2,914
Financial liabilities held for trading	**28,160**	**115,182**	**122**	**143,464**	**26,376**	**83,298**	**644**	**110,318**
Securities		83,486		83,486		48,847	149	48,996
Other financial liabilities		893	153	1,046	2	1,134		1,136
Financial liabilities designated at fair value through profit or loss		**84,379**	**153**	**84,532**	**2**	**49,981**	**149**	**50,132**
Hedging derivatives	**12**	**9,951**	**10**	**9,974**	**63**	**7,027**	**44**	**7,135**

5.4.2 Analysis of assets and liabilities classified in Level 3 of the fair value hierarchy

in millions of euros	01/01/2011	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	Reclassification from and to levels 1 and 2	Other changes	12/31/2011
FINANCIAL ASSETS								
Securities	8,609	205		569	(4,408)		849	5,824
Derivatives	1,961	237		32	(215)	(13)	257	2,259
Other financial assets								
Financial assets held for trading	**10,570**	**442**		**601**	**(4,623)**	**(13)**	**1,106**	**8,083**
Securities	759	34		711	(121)	(101)	(148)	1,134
Other financial assets	789	21			(605)		97	302
Financial assets designated at fair value through profit or loss	**1,548**	**55**		**711**	**(726)**	**(101)**	**(51)**	**1,436**
Hedging derivatives	**99**					**(99)**		
Investments in associates	2,184	(84)	4	526	(135)	78	22	2,595
Other securities	2,623	8	39	135	(344)	421	(3)	2,879
Other financial assets	57	3	1		(11)		(3)	47
Available-for-sale financial assets	**4,864**	**(73)**	**44**	**661**	**(490)**	**499**	**16**	**5,521**
FINANCIAL LIABILITIES								
Securities	552						(552)	
Derivatives	92	137			(53)	(21)	(33)	122
Other financial liabilities								
Financial liabilities held for trading	**644**	**137**			**(53)**	**(21)**	**(585)**	**122**
Securities	149	(15)		42	(23)			153
Other financial liabilities								
Financial liabilities designated at fair value through profit or loss	**149**	**(15)**		**42**	**(23)**			**153**
Hedging derivatives	**44**						**(34)**	**10**

5.4.3 Sensitivity of Level 3 assets and liabilities to changes in the principal assumptions

The sensitivity of the fair value of instruments valued based on non-observable parameters was assessed at December 31, 2011. With the help of likely assumptions, this sensitivity is used to estimate the effects of market fluctuations caused by an unstable economic environment. This estimate was made based on:

- a "standardized"[1] change in non-observable parameters for fixed-income and equity instruments. The sensitivity calculated is €3 million;
- a fixed charge:
  - a 10% increase or decrease in the estimated loss rates on underlying assets used to model the valuation of ABS CDO tranches,
  - or a 1% increase or decrease for CLO underlyings,
  - or a 10% increase or decrease in the LTV inputs on which the calculation of the CMBS collateral loss rate is based.

The sensitivity impact would result in an improvement in value of €52 million, should the parameters mentioned above improve, or a decrease in value of €56 million, should the parameters degrade.

(1) *i.e. the standard deviation of consensus prices used to measure the inputs (TOTEM, etc.).*

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	12/31/2011	12/31/2010
Loans and receivables due from credit institutions repayable on demand	141,831	140,929
Specific impairment	(352)	(343)
Impairment on a portfolio basis	(8)	(40)
TOTAL LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS, GROSS	**141,471**	**140,546**

The fair value of loans and advances to banks amounted to €140,861 million at December 31, 2011 (€142,505 million at December 31, 2010).

Breakdown of gross loans and receivables due from credit institutions

in millions of euros	12/31/2011	12/31/2010
Current accounts with overdrafts	87,500	90,110
Repurchase agreements	19,979	35,731
Loans and advances	31,043	9,679
Finance leases	3	4
Subordinated and participating loans	319	294
Securities classified as loans and receivables	2,579	4,668
Impaired loans and receivables	408	443
TOTAL LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS, GROSS	**141,831**	**140,929**

The Livret A and LDD passbook savings account funds centralized with the Caisse des Dépôts and reported in the "Current accounts with overdrafts" line amounted to €71,391 million at December 31, 2011 (€72,533 million at December 31, 2010).

5.5.2 Loans and receivables due from customers

in millions of euros	12/31/2011	12/31/2010
Loans and receivables due from customers	583,063	573,807
Specific impairment	(9,522)	(9,299)
Impairment on a portfolio basis	(1,661)	(1,943)
TOTAL LOANS AND RECEIVABLES DUE FROM CUSTOMERS	**571,880**	**562,565**

The fair value of loans and receivables due from customers was €583,968 million at December 31, 2011 (€568,236 million at December 31, 2010).

Breakdown of gross loans and receivables due from customers

in millions of euros	12/31/2011	12/31/2010
Current accounts with overdrafts	**12,858**	**14,447**
Loans to financial sector customers	5,022	5,695
Short-term credit facilities	56,174	58,659
Equipment loans	124,412	116,476
Home loans	243,451	225,344
Export credits	3,579	3,288
Other loans	25,709	25,587
Repurchase agreements	22,132	33,414
Subordinated loans	563	567
Other facilities to customers	**481,042**	**469,030**
Securities classified as loans and receivables	**44,273**	**45,825**
Other loans and receivables due from customers	**24,635**	**24,502**
Impaired loans and receivables	**20,255**	**20,003**
TOTAL LOANS AND RECEIVABLES DUE FROM CUSTOMERS, GROSS	**583,063**	**573,807**

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.

	Carrying amount		Fair value	
in millions of euros	12/31/2011	12/31/2010	12/31/2011	12/31/2010
ASSETS RECLASSIFIED TO:				
Available-for-sale financial assets	367	407	367	407
Loans and receivables	18,703	20,961	17,011	20,202
TOTAL SECURITIES RECLASSIFIED	**19,070**	**21,368**	**17,378**	**20,609**

Change in fair value which would have been recognized if the securities had not been reclassified

in millions of euros	Fiscal year 2011	Fiscal year 2010
CHANGE IN FAIR VALUE		
That would have been recognized in income if the securities had not been reclassified	(130)	243
That would have been recognized in gains and losses recognized directly in equity if the securities had not been reclassified	(747)	(82)

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.

in millions of euros	12/31/2011	12/31/2010
Treasury bills and similar securities	1,491	2,562
Bonds and other fixed-income securities	7,386	6,626
Gross amount of held-to-maturity financial assets	**8,877**	**9,188**
Impairment	(13)	(1)
TOTAL HELD-TO-MATURITY FINANCIAL ASSETS	**8,864**	**9,187**

The fair value of held-to-maturity financial assets amounted to €9,119 million at December 31, 2011 (€9,093 million at December 31, 2010).

5.8 DEFERRED TAXES

Deferred taxes on temporary differences arise from the recognition of the items listed in the statement below (positive figures indicate deferred tax assets, while negative figures in brackets represent deferred tax liabilities):

in millions of euros	12/31/2011	12/31/2010
Unrealized capital gains on mutual funds	26	27
Fiscal EIGs	(347)	(423)
Provisions for employee-related liabilities	336	425
Provisions for regulated home savings products	219	246
Impairment on a portfolio basis	330	334
Other non-deductible provisions	1,280	1,264
Changes in fair value of financial instruments recorded in equity	886	231
Other sources of temporary differences	(81)	(27)
Deferred taxes related to timing differences	**2,649**	**2,077**
Deferred taxes arising on the capitalization of tax loss carryforwards	**3,978**	**4,023**
Deferred taxes on consolidation adjustments and eliminations	**(392)**	**(431)**
Unrecognized deferred taxes	**(1,394)**	**(1,330)**
NET DEFERRED TAXES	**4,841**	**4,339**
Deferred taxes recognized		
– As assets on the balance sheet	5,253	4,728
– As liabilities on the balance sheet	(412)	(388)

5.9 ACCRUED INCOME AND OTHER ASSETS

in millions of euros	12/31/2011	12/31/2010
Collection accounts	6,857	4,907
Prepaid expenses	514	537
Accrued income	1,153	1,494
Other accruals	4,120	6,532
Accrual accounts - assets	**12,644**	**13,470**
Security deposits paid	2,487	1,960
Settlement accounts in debit on securities transactions	372	826
Reinsurers' share of technical reserves	5,201	1,932
Other debtors	30,100	25,093
Other assets	**38,160**	**29,811**
TOTAL ACCRUED INCOME AND OTHER ASSETS	**50,804**	**43,281**

5.10 DEFERRED PROFIT-SHARING

in millions of euros	12/31/2011	12/31/2010
Deferred profit sharing - assets	902	
Deferred profit sharing - liabilities	7	146
TOTAL DEFERRED PROFIT SHARING[(1)]	**(895)**	**146**
including deferred profit sharing recognized in equity for full consolidation	*144*	*(400)*

(1) By convention, deferred profit-sharing is shown as a negative figure when it is an asset.

The change in deferred profit-sharing during 2011 was due to the sharp decline in the markets and the trend in credit spreads on debt instruments.

5.11 INVESTMENTS IN ASSOCIATES

The Group's main investments in associates are as follows:

in millions of euros	12/31/2011	12/31/2010
CNP Assurances (group)	1,462	1,470
Volksbank International AG	104	294
Socram Banque	63	61
Equity interests in the Natixis group	121	74
Crédit Immobilier Hôtelier		115
Others	193	211
Financial sector companies	**1,943**	**2,225**
Maisons France Confort P-I	106	100
Others	100	100
Non-financial companies	**206**	**200**
TOTAL INVESTMENTS IN ASSOCIATES	**2,149**	**2,425**

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 €321,011 million, revenues of €29,919 million and net income of €872 million for fiscal 2011.

5.12 INVESTMENT PROPERTY

	12/31/2011			12/31/2010		
in millions of euros	Cost	Accumulated depreciation and impairment	Net	Cost	Accumulated depreciation and impairment	Net
Property recognized at fair value	////	////	931	////	////	716
Property recognized at historical cost	1,823	(726)	1,097	3,043	(966)	2,077
TOTAL INVESTMENT PROPERTY			**2,028**			**2,793**

The fair value of investment properties came to €2,569 million at December 31, 2011 (€3,057 million at December 31, 2010).

5.13 PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

	12/31/2011			12/31/2010		
in millions of euros	Cost	Accumulated depreciation and impairment	Net	Cost	Accumulated depreciation and impairment	Net
PROPERTY, PLANT & EQUIPMENT						
Land and buildings	3,998	(1,769)	2,229	3,490	(1,353)	2,137
Equipment, furniture and other property, plant and equipment	7,305	(4,715)	2,590	7,811	(4,864)	2,947
TOTAL PROPERTY, PLANT AND EQUIPMENT	**11,303**	**(6,484)**	**4,819**	**11,301**	**(6,217)**	**5,084**
INTANGIBLE ASSETS						
Leasehold rights	410	(191)	219	621	(181)	440
Software	2,102	(1,439)	663	1,985	(1,300)	685
Other intangible assets	799	(296)	503	1,128	(319)	809
TOTAL INTANGIBLE ASSETS	**3,311**	**(1,926)**	**1,385**	**3,734**	**(1,800)**	**1,934**

5.14 GOODWILL

Changes in the year

in millions of euros	Fiscal year 2011
Opening net value	**5,160**
Acquisitions	102
Disposals	(698)
Impairment	(89)
Foreign exchange rate adjustments	35
Other changes	(5)
Closing net value	**4,505**

As at December 31, 2011, the gross value of goodwill amounted to €5,404 million, with impairment totaling €899 million.

Breakdown of goodwill

	Carrying amount	
in millions of euros	12/31/2011	12/31/2010
– Investment Solutions	2,099	2,019
– Specialized Financial Services	58	61
– Coface	485	528
– Other	26	25
Natixis	**2,668**	**2,633**
Nexity	**900**	**879**
Regional Banks *	**707**	**707**
Foncia		**689**
Banque Palatine	**95**	**95**
– Banco Primus		37
– Crédit Foncier Immobilier	13	13
Crédit Foncier de France	**13**	**50**
BPCE IOM	**69**	**54**
Banque BCP France	**42**	**42**
Others	**10**	**11**
TOTAL GOODWILL	**4,505**	**5,160**

* *Regional banks: Banque Chaix, Banque de Savoie, CCSO - Pelletier, Banque Dupuy, de Parseval, Banque Marze.*

Impairment tests

In accordance with applicable regulations, each goodwill item was tested for impairment based on the value in use of cash generating units (CGUs) to which they are linked.

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 for the main CGUs. The following assumptions were used:

	Discount rate	Long-term growth rate
Natixis		
– Investment Solutions	9.8%	2.5%
– Specialized Financial Services	11.0%	2.5%
– Coface	10.0%	2.5%
– Other	10.9%	2.5%
Nexity	9.0%	2.5%
Regional Banks *	9.0%	2.5%

* *Regional banks: Banque Chaix, Banque de Savoie, CCSO - Pelletier, Banque Dupuy, de Parseval, Banque Marze.*

As a result of these tests, the Group booked an impairment loss of €43 million on the Coface «non core» CGU for 2011, taking the total amount of this goodwill to €138 million after impairment. The tests also led to the write-down of all the goodwill on the on Banco Primus (€30 million), Banque Tuniso-Koweitienne and BM Madagascar (€14 million within BPCE IOM group).

No impairment losses would be booked on Natixis' core businesses (Corporate and Investment Banking, Investment Solutions and Specialized Financial Services) should the discount rate increase by 20 basis points and the perpetuity growth rate decrease by 50 basis points.

For Groupe BPCE's other CGUs, a variation of 20 basis points in the discount rate, perpetuity growth rate or the cost-to-income ratio would cause a change in the useful value of between 0 and 3% and would not lead to an additional goodwill impairment.

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	12/31/2011	12/31/2010
Demand deposits	9,363	12,993
Repurchase agreements and other liabilities	1,202	604
Accrued interest	29	15
Amounts due to credit institutions	**10,594**	**13,612**
Term deposits and loans	84,596	46,272
Repurchase agreements and other liabilities	22,377	45,040
Accrued interest	347	177
Amounts due to credit institutions - repayable at agreed maturity dates	**107,320**	**91,490**
TOTAL AMOUNTS DUE TO CREDIT INSTITUTIONS	**117,914**	**105,102**

The fair value of amounts due to credit institutions was €114,031 million as at December 31, 2011 (€105,959 million at December 31, 2010).

5.15.2 Amounts due to customers

in millions of euros	12/31/2011	12/31/2010
Current accounts in credit	**96,603**	**88,135**
Livret A savings accounts	83,663	79,628
Regulated home savings products	53,284	51,998
Other regulated savings accounts	77,162	72,679
Accrued interest	545	457
Regulated savings accounts	**214,654**	**204,762**
Demand deposits and loans	8,030	13,651
Term deposits and loans	56,161	50,614
Accrued interest	1,533	1,378
Other customer accounts	**65,724**	**65,643**
Demand accounts	4,922	6,909
Term accounts	15,193	26,581
Accrued interest	21	3
Repurchase agreements and other liabilities	**20,136**	**33,493**
Other amounts due to customers	**1,620**	**1,959**
TOTAL AMOUNTS DUE TO CUSTOMERS	**398,737**	**393,992**

Term deposits notably include €8,368 million in borrowings subscribed for by the SFEF (*Société de Financement de l'Économie Française*) vs. €12,010 million at December 31, 2010.

The fair value of amounts due to customers came to €399,013 million as at December 31, 2011 (€394,544 million as at December 31, 2010).

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	12/31/2011	12/31/2010
Bonds	143,572	136,313
Interbank market instruments and money market securities	75,613	83,944
Other debt securities	344	27
Total	**219,529**	**220,284**
Accrued interest	**2,789**	**2,606**
TOTAL DEBT SECURITIES	**222,318**	**222,890**

The fair value of debt securities was €221,895 million at December 31, 2011 (€222,824 million at December 31, 2010).

5.17 ACCRUED EXPENSES AND OTHER LIABILITIES

in millions of euros	12/31/2011	12/31/2010
Collection accounts	5,840	5,195
Prepaid income	2,951	2,649
Accounts payable	2,708	3,234
Other accruals	6,911	7,261
Accrual accounts - liabilities	**18,410**	**18,339**
Settlement accounts in credit on securities transactions	708	875
Other payables	27,686	21,669
Other liabilities	**28,394**	**22,544**
TOTAL ACCRUED EXPENSES AND OTHER LIABILITIES	**46,804**	**40,883**

5.18 TECHNICAL RESERVES OF INSURANCE COMPANIES

in millions of euros	12/31/2011	12/31/2010
Technical reserves of non-life insurance companies	**3,240**	**2,794**
Technical reserves of life insurance companies in euros	36,716	35,713
Technical reserves of life insurance companies in unit-linked accounts	6,810	6,839
Technical reserves of life insurance companies	**43,526**	**42,552**
Technical reserves of investment contracts	**12**	**14**
Unrealized deferred profit sharing (note 5.10)	**7**	**146**
TOTAL OF INSURANCE COMPANIES' TECHNICAL RESERVES	**46,785**	**45,506**

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 profit-sharing represents the portion of income from participating insurance contracts in the form of a cumulative amount allocated to policyholders and not yet distributed.

5.19 PROVISIONS

Provisions chiefly concern employee benefit obligations and risks on home savings products.

in millions of euros	01/01/2011	Increase	Use	Reversals unused	Other movements[(1)]	12/31/2011
Provisions for employee benefit obligations	**1,659**	**234**	**(212)**	**(208)**	**18**	**1,491**
Provisions for regulated home savings products	701	18	(12)	(71)	1	637
Provisions for off-balance sheet commitments	959	234	(9)	(196)	7	995
Provisions for contingencies on real estate development projects	64	28		(38)		54
Provisions for restructuring costs	72	19	(48)	(7)	(6)	30
Provisions for claims and litigation	625	324	(50)	(190)	(15)	694
Others	711	352	(94)	(185)	(51)	733
Other provisions	**3,132**	**975**	**(213)**	**(687)**	**(64)**	**3,143**
TOTAL PROVISIONS	**4,791**	**1,209**	**(425)**	**(895)**	**(46)**	**4,634**

(1) Other movements include €23 million related to currency translation, -€29 million in changes in the scope of consolidation and -€64 million in reclassifications of provisions to asset items.

5.19.1 Deposits held in regulated home savings products

in millions of euros	12/31/2011	12/31/2010
Deposits held in PEL regulated home savings plans		
less than 4 years	2,762	18,100
more than 4 years and less than 10 years	34,266	18,357
more than 10 years	9,655	8,940
Deposits held in PEL regulated home savings plans	**46,683**	**45,397**
Deposits held in CEL regulated home savings accounts	**6,387**	**6,247**
TOTAL DEPOSITS HELD IN REGULATED HOME SAVINGS PRODUCTS	**53,070**	**51,644**

5.19.2 Loans granted under regulated home savings products

in millions of euros	12/31/2011	12/31/2010
Loans granted under PEL regulated home savings plans	473	704
Loans granted under CEL regulated home savings accounts	1,131	1,170
TOTAL OUTSTANDING LOANS ON REGULATED HOME SAVINGS PRODUCTS	**1,604**	**1,874**

5.19.3 Provisions on regulated home savings products

in millions of euros	12/31/2011	12/31/2010
Provisions for PEL regulated home savings loans		
- less than 4 years	2	36
- more than 4 years and less than 10 years	53	95
- more than 10 years	474	470
Provisions for PEL regulated home savings plans	**529**	**601**
Provisions for CEL regulated home savings accounts	**91**	**78**
Provisions for PEL regulated home savings loans	(1)	5
Provisions for CEL regulated home savings loans	18	17
Provisions for regulated home savings plan loans	**17**	**22**
TOTAL PROVISIONS FOR REGULATED HOME SAVINGS PRODUCTS	**637**	**701**

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	12/31/2011	12/31/2010
Term subordinated debt	10,968	13,114
Perpetual subordinated debt	126	133
Mutual guarantee deposits	231	49
Sub-total	**11,325**	**13,296**
Accrued interest	**206**	**219**
Revaluation of the hedged component	**351**	**332**
TOTAL SUBORDINATED DEBT	**11,882**	**13,847**

Changes in subordinated debt during the year

in millions of euros	01/01/2011	Issuance	Buy-back	Other changes[1]	12/31/2011
Term subordinated debt	13,114		(2,089)	(57)	10,968
Perpetual subordinated debt	133			(7)	126
Mutual guarantee deposits	49			182	231
Accrued interest	219	////	////	(13)	206
Revaluation of the hedged component	332	////	////	19	351
TOTAL	**13,847**	**0**	**(2,089)**	**124**	**11,882**

(1) *Other movements notably include €185 million related to the reclassification of the Mutual Guarantee Fund from "equity" to "subordinated debt".*

Deeply subordinated notes qualifying as equity instruments are presented in note 5.21.3.

5.21 ORDINARY SHARES AND EQUITY INSTRUMENTS ISSUED

5.21.1 Members' shares and cooperative investment certificates

At December 31, 2011, the share capital broke down as follows:

- €5,942 million in members' shares fully subscribed by cooperative shareholders of the Banque Populaire banks and the SAS, the carrying entities for the cooperative shareholders (compared to €5,378 million at December 31, 2010);
- €6,874 million in members' shares fully subscribed by Caisses d'Epargne's cooperative shareholders (compared to €6,834 million at December 31, 2010);
- €1,478 million in Banque Populaire banks' cooperative investment certificates held by Natixis (compared to €1,343 million at December 31, 2010);
- €1,718 million in Caisses d'Epargne's cooperative investment certificates held by Natixis (compared to €1,708 million at December 31, 2010);

Mutual guarantee deposits from mutual guarantee companies were reclassified as subordinated debt during 2011. At December 31, 2010 these deposits amounted to €185 million.

At December 31, 2011, the additional paid-in capital broke down as follows:

- €949 million in members' shares fully subscribed by cooperative shareholders of the Banque Populaire banks and the carrying SAS (compared to €947 million at December 31, 2010);
- €3,324 million in members' shares fully subscribed by Caisses d'Epargne's cooperative shareholders (unchanged against December 31, 2010);
- €3,282 million in Banque Populaire banks' cooperative investment certificates held by Natixis (unchanged against at December 31, 2010);
- €2,621 million in Caisses d'Epargne cooperative investment certificates held by Natixis (unchanged against at December 31, 2010);

The cooperative investment certificates issued by the Banque Populaire banks and Caisses d'Epargne are eliminated from retained earnings based on the Group's percentage stake in Natixis and minority interests for the remainder.

5.21.2 Other equity instruments

The French government purchased Category C shares issued by BPCE in July 2009 for a total of €3,000 million. In 2010, BPCE bought back €1,800 million in its own preference shares. As at December 31, 2011, the preference shares subscribed for by the French government had been bought back in their entirety.

5.21.3 Deeply subordinated notes classified as equity attributable to the parent company

Issuing entity	Issue date	Currency	Amount (in original currency)	Date of call option	Date of interest step-up	Rate	Nominal (in millions of euros) 12/31/2011	12/31/2010
BPCE	11/26/2003	EUR	471 million	07/30/2014	07/30/2014	5.25%	471	800
BPCE	07/30/2004	USD	200 million	03/30/2011	none	Min (10-year CMAT +0.3%; 9%)	154	150
BPCE	10/06/2004	EUR	369 million	07/30/2015	07/30/2015	4.63%	369	700
BPCE	10/12/2004	EUR	80 million	01/12/2011	none	Min (10-year CMS; 7%)	80	80
BPCE	01/27/2006	USD	300 million	01/27/2012	none	6.75%	231	224
BPCE	02/01/2006	EUR	350 million	02/01/2016	02/01/2016	4.75%	350	350
BPCE	10/30/2007	EUR	509 million	10/30/2017	10/30/2017	6.12%	509	850
BPCE	06/26/2009	EUR		06/26/2014	none			1,000
BPCE	08/06/2009	EUR	52 million	09/30/2015	none	13.00%	52	52
BPCE	08/06/2009	EUR	374 million	09/30/2019	09/30/2019	12.50%	374	374
BPCE	08/06/2009	USD	134 million	09/30/2015	none	13.00%	103	100
BPCE	08/06/2009	USD	444 million	09/30/2019	09/30/2019	12.50%	342	332
BPCE	10/22/2009	EUR	750 million	04/22/2015	none	9.25%	750	750
BPCE	03/17/2010	EUR	818 million	03/17/2015	03/17/2015-03/15/2020	9.00%	818	1,000
TOTAL							**4,603**	**6,762**

5.22 CHANGE IN GAINS AND LOSSES RECOGNIZED DIRECTLY IN EQUITY

in millions of euros	Fiscal year 2011	Fiscal year 2010
Foreign exchange rate adjustments	153	290
Change in the value of available-for-sale financial assets	(1,810)	(52)
Change in value over the period affecting equity	*(1,995)*	*(397)*
Change in value over the period affecting net income	*185*	*345*
Change in the value of hedging derivatives	(41)	234
Taxes	647	51
Share of gains and losses recognized directly in the equity of associates	(65)	(8)
GAINS AND LOSSES RECOGNIZED DIRECTLY IN EQUITY (AFTER TAX)	**(1,116)**	**515**

	Fiscal year 2011			Fiscal year 2010		
in millions of euros	Gross	Taxes	Net	Gross	Taxes	Net
Foreign exchange rate adjustments	153	////	153	290	////	290
Change in the value of available-for-sale financial assets	(1,810)	591	(1,219)	(52)	75	23
Change in the value of hedging derivatives	(41)	56	15	234	(24)	210
Share of gains and losses recognized directly in the equity of associates	////	////	(65)	////	////	(8)
TOTAL GAINS AND LOSSES RECOGNIZED DIRECTLY IN EQUITY			**(1,116)**			**515**
Attributable to equity holders of the parent			(1,173)			348
Minority interests			57			167

Note 6 Notes to the income statement

6.1 INTEREST AND SIMILAR INCOME AND EXPENSE

This line item comprises interest income and expense, calculated using the effective interest method, on financial assets and liabilities measured at amortized cost, which include interbank and customer items, held-to-maturity assets, debt securities and subordinated debt.

It also includes interest receivable on fixed-income securities classified as available-for-sale financial assets and hedging derivatives, 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 year 2011			Fiscal year 2010		
in millions of euros	**Income**	**Expense**	**Net**	**Income**	**Expense**	**Net**
Loans and receivables due from customers	20,507	(6,901)	13,606	18,925	(5,628)	13,297
Loans and receivables due from credit institutions	3,934	(1,976)	1,958	3,077	(1,570)	1,507
Finance leases	894		894	849		849
Debt securities and subordinated debt	////	(6,462)	(6,462)	////	(5,938)	(5,938)
Hedging derivatives	4,750	(4,956)	(206)	4,175	(4,210)	(35)
Available-for-sale financial assets	2,215		2,215	1,894		1,894
Held-to-maturity financial assets	516		516	499		499
Impaired financial assets	93		93	37		37
Other interest income and expense	14	(119)	(105)	118	(46)	72
TOTAL INTEREST INCOME AND EXPENSE	**32,923**	**(20,414)**	**12,509**	**29,574**	**(17,392)**	**12,182**

Interest income from loans and receivables with credit institutions includes €1,879 million in income from funds (€1,660 million in 2010) collected on the Livret A and LDD savings accounts, which are deposited with the Caisse des Dépôts et Consignations, and LEPs (French regulated savings accounts for low-income people).

6.2 FEE AND COMMISSION INCOME AND EXPENSES

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 year 2011			Fiscal year 2010		
in millions of euros	**Income**	**Expense**	**Net**	**Income**	**Expense**	**Net**
Cash and interbank transactions	25	(23)	2	27	(21)	6
Customer transactions	2,909	(37)	2,872	2,780	(44)	2,736
Financial services	547	(405)	142	474	(421)	53
Sales of life insurance products	1,045		1,045	967		967
Payment services	1,710	(713)	997	1,645	(704)	941
Securities transactions	192	(133)	59	398	(125)	273
Trust management services	1,962	(6)	1,956	1,987	(8)	1,979
Financial instruments and off-balance sheet transactions	301	(84)	217	333	(49)	284
Other fees and commissions	429	(272)	157	441	(258)	183
TOTAL FEE AND COMMISSION INCOME AND EXPENSE	**9,120**	**(1,673)**	**7,447**	**9,052**	**(1,630)**	**7,422**

6.3 NET GAINS OR LOSSES 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 revaluation of derivatives used as fair value hedges, as well as gains and losses from the revaluation of the hedged item in the same manner, the revaluation at fair value of the macro-hedged portfolio and the ineffective portion of cash flow hedges.

in millions of euros	Fiscal year 2011	Fiscal year 2010
Gains and losses on financial instruments held for trading	(834)	957
Gains and losses on financial instruments designated at fair value through profit or loss	1,064	763
Gains and losses on hedging transactions	218	86
Gains and losses on foreign-exchange transactions	137	75
TOTAL NET GAIN OR LOSS ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS	**585**	**1,881**

Day-one profit

in millions of euros	Fiscal year 2011	Fiscal year 2010
Day one profit at the start of the year	65	133
Deferred profit on new transactions	5	22
Profit recognized in income during the year	(14)	(90)
Other changes	(7)	0
DAY-ONE PROFIT AT YEAR-END	**49**	**65**

6.4 NET GAINS OR LOSSES ON AVAILABLE-FOR-SALE FINANCIAL ASSETS

This item includes dividends from variable-income securities, gains and losses on the sale of available-for-sale financial assets and impairment losses recognized on variable-income securities due to a permanent impairment in value.

in millions of euros	Fiscal year 2011	Fiscal year 2010
Gains or losses on disposals	385	152
Dividends received	385	342
Permanent impairment in value of variable-income securities	(470)	(450)
TOTAL NET GAINS OR LOSSES ON AVAILABLE-FOR-SALE FINANCIAL ASSETS	**300**	**44**

In 2011, for listed equity securities, permanent impairment on variable-income securities[1] includes €81 million in additional impairment on securities already written down and €60 million recognized before the indicators defined in note 5.3 had been reached, as the Group considered that a permanent impairment should be recorded. The automatic application of these criteria gave rise to no material impairment in 2011.

(1) *Excluding insurance securities, given the deferred profit-sharing mechanism.*

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 year 2011			Fiscal year 2010		
in millions of euros	Income	Expense	Net	Income	Expense	Net
Income and expense on insurance activities	**5,890**	**(5,292)**	**598**	**5,961**	**(6,320)**	**(359)**
Income and expense from real estate activities	**2,742**	**(1,840)**	**902**	**2,820**	**(1,900)**	**920**
Income and expense from leasing transactions	**195**	**(133)**	**62**	**198**	**(117)**	**81**
Income and expense from investment property	**211**	**(105)**	**106**	**235**	**(114)**	**121**
Share in joint venture operations	58	(66)	(8)	113	(151)	(38)
Transfers of expenses and income	17	(57)	(40)	31	(82)	(51)
Other operating income and expense	1,835	(947)	888	2,349	(1,142)	1,207
Additions to and reversals from provisions to other operating income and expense	122	(114)	8	63	(114)	(51)
Other banking income and expense	**2,032**	**(1,184)**	**848**	**2,556**	**(1,489)**	**1,067**
TOTAL INCOME AND EXPENSE FROM OTHER ACTIVITIES	**11,070**	**(8,554)**	**2,516**	**11,770**	**(9,940)**	**1,830**

Income and expense on insurance activities

The statement 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.

The Group's consolidated companies that present their financial statements based on the insurance company model are Natixis Assurances, BPCE Assurances, Muracef, Surassur, Prépar Vie, Prépar Iard and Coface.

	Banking format 2011					
in millions of euros	Net banking income	General operating expenses	Gross operating income	Cost of risk	Insurance format 2011	Insurance format 2010
Earned premiums	6,764		6,764		6,764	7,367
Revenue or income from other activities	278		278		278	437
Other operating income	13		13		13	44
Net financial income before finance costs	485	(11)	474	(104)	370	1,754
Total revenues	**7,540**	**(11)**	**7,529**	**(104)**	**7,425**	**9,602**
Claims and benefits expenses	(5,571)	(83)	(5,654)		(5,654)	(8,199)
Net income from reinsurance disposals	40		40		40	389
Policy acquisition costs	(481)	(159)	(641)		(641)	(595)
Administrative expenses	(210)	(316)	(526)		(526)	(442)
Other operating income and expenses/recurring	(49)	(234)	(284)	(8)	(292)	(451)
Total other recurring income and expense	**(6,271)**	**(792)**	**(7,065)**	**(8)**	**(7,073)**	**(9,298)**
OPERATING INCOME	**1,269**	**(803)**	**464**	**(112)**	**352**	**304**

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) are 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 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 year 2011	Fiscal year 2010
Personnel costs	**(9,411)**	**(9,515)**
Taxes other than on income	(586)	(452)
External services	(4,950)	(5,049)
Other expenses	(1)	(1)
Other administrative costs	**(5,537)**	**(5,502)**
TOTAL OPERATING EXPENSES	**(14,948)**	**(15,017)**

The breakdown of personnel costs is provided in Note 8.1.

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 year 2011	Fiscal year 2010
Interbank transactions	(56)	(37)
Customer transactions	(3,314)	(3,572)
Other financial assets	(108)	(133)
Off-balance sheet commitments	(367)	(190)
Additions to impairment losses and provisions	**(3,845)**	**(3,932)**
Interbank transactions	81	74
Customer transactions	3,299	3,165
Other financial assets	123	237
Off-balance sheet commitments	163	290
Reversals from impairment losses and provisions	**3,666**	**3,766**
Losses on irrecoverable interbank loans and receivables	(67)	(47)
Losses on irrecoverable customer loans and receivables	(1,419)	(1,155)
Losses on other financial assets	(1,500)	(351)
Losses on irrecoverable loans and receivables	**(2,986)**	**(1,553)**
Recoveries of loans and receivables previously written off	**396**	**65**
COST OF RISK	**(2,769)**	**(1,654)**

6.8 SHARE OF NET INCOME OF ASSOCIATES

in millions of euros	Fiscal year 2011	Fiscal year 2010
CNP Assurances (group)	128	156
Volksbank International AG	(188)	(1)
Equity interests in the Natixis group	18	26
SOCRAM Banque	4	2
Crédit Immobilier Hôtelier	5	2
Others	15	15
Financial sector companies	**(18)**	**200**
Maisons France Confort P-I	5	4
Others	6	13
Non-financial companies	**11**	**17**
SHARE OF NET INCOME OF ASSOCIATES	**(7)**	**217**

6.9 NET GAIN OR LOSS 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 thousands of euros	Fiscal year 2011	Fiscal year 2010
Gains or losses on disposals of property, plant and equipment and intangible assets used in operations	220	(19)
Gains or losses on disposals of consolidated investments	(168)	(59)
TOTAL NET GAINS OR LOSSES ON OTHER ASSETS	**52**	**(78)**

In 2011, gains and losses on other assets notably include the impact of the following transactions:

- sale of Eurosic (+€167 million);
- sale of Foncia (-€141 million);
- sale of CIH (-€32 million).

In 2010, gains and losses on the disposal of consolidated investments notably included the impact of the following transactions:

- sale of Société Marseillaise de Crédit (-€79 million);
- sale of Crédit Foncier Communal d'Alsace-Lorraine (+€30 million);
- sale of private equity activities (-€28 million).

6.10 CHANGE IN THE VALUE OF GOODWILL

in millions of euros	Fiscal year 2011	Fiscal year 2010
Regional banks		(37)
Banco Primus	(30)	
Banque Tuniso-Koweitienne	(12)	
BM Madagascar	(2)	
Coface «non core»	(43)	
Others	(2)	(1)
TOTAL CHANGE IN THE VALUE OF GOODWILL	**(89)**	**(38)**

6.11 INCOME TAX

in millions of euros	Fiscal year 2011	Fiscal year 2010
Current income tax expense	(1,190)	(975)
Deferred tax assets and liabilities	(450)	(741)
INCOME TAX	**(1,640)**	**(1,716)**

Reconciliation between the tax charge in the financial statements and the theoretical tax charge

in millions of euros	Fiscal year 2011	Fiscal year 2010
Net income attributable to equity holders of the parent	2,685	3,640
Impairment of goodwill	89	38
Share of minority interests in consolidated companies	338	393
Share of net income/(loss) of associates	7	(217)
Income taxes	1,640	1,716
INCOME BEFORE TAX AND CHANGES IN THE VALUE OF GOODWILL	**4,759**	**5,570**
Standard income tax rate in France	**34.4%**	**34.4%**
Impact of the change in unrecognized deferred taxes	1.6%	(4.0%)
Impact of permanent differences	(2.1%)	0.3%
Reduced rate of tax and tax-exempt activities	(0.2%)	(0.6%)
Difference in tax rates on income taxed outside France	0.4%	0.1%
Temporary step-up of corporate tax	0.6%	0.0%
Tax on prior periods, tax credits and other tax	(1.2%)	(0.2%)
Other items	0.9%	0.8%
EFFECTIVE TAX RATE RECOGNIZED (INCOME TAX EXPENSE DIVIDED BY TAXABLE INCOME)	**34.5%**	**30.8%**

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 authorities, 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.

Since January 1, 2008, the Order of February 20, 2007, issued by the French Ministry of the Economy and Industry, has 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	12/31/2011	12/31/2010
Equity attributable to equity holders of the parent	45,136	47,385
Minority interests	2,758	2,892
Issues of hybrid Tier-1 instruments	5,694	7,873
Prudential restatements (including goodwill and intangible assets)	(10,045)	(14,675)
Tier-1 capital before deductions	**43,543**	**43,475**
Tier-2 capital before deductions	**10,406**	**12,569**
Capital deductions	**(8,578)**	**(9,070)**
including deductions from Tier-1 capital	*(2,214)*	*(2,458)*
including deductions from Tier 2 capital	*(2,214)*	*(2,458)*
including deductions from total capital	*(4,150)*	*(4,154)*
Regulatory capital	**45,371**	**46,975**

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.

In 2011, Groupe BPCE complied with solvency ratio requirements.

7.2 CREDIT RISK AND COUNTERPARTY RISK

Disclosures relating to the management of credit risk required by IFRS 7 and provided in the risk management report include:

- breakdown of the loan portfolio by category of exposure and approach;
- breakdown of gross exposure by category of exposure and approach (separation of credit and counterparty risk);
- breakdown of gross exposure by geographic region;
- concentration of credit risk by borrower;
- breakdown of exposure by credit rating.

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 statement 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	Net outstandings at 12/31/2011	Net outstandings at 12/31/2010
Financial assets at fair value through profit or loss (excluding variable-income securities)	203,591	140,932
Hedging derivatives	11,320	7,511
Available-for-sale financial assets (excluding variable-income securities)	71,536	52,905
Loans and receivables due from credit institutions	141,471	140,546
Loans and receivables due from customers	571,880	562,565
Held-to-maturity financial assets	8,864	9,187
Exposure to balance sheet commitments	**1,008,662**	**913,646**
Financial guarantees given	87,232	100,295
Off-balance sheet commitments	125,213	126,767
Exposure to off-balance sheet commitments	**212,445**	**227,062**
TOTAL EXPOSURE TO CREDIT RISK AND COUNTERPARTY RISK	**1,221,107**	**1,140,708**

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	01/01/2011	Charges	Reversals	Other changes	12/31/2011
Available-for-sale financial assets	339	41	(95)	(42)	243
Interbank transactions	384	56	(81)	1	360
Customer transactions	11,242	3,314	(3,299)	(74)	11,183
Held-to-maturity financial assets	1		(1)	13	13
Other financial assets	251	67	(27)	(25)	266
Impairment losses recognized in assets	**12,217**	**3,478**	**(3,503)**	**(127)**	**12,065**
Provisions for off-balance sheet commitments	**959**	**367**	**(163)**	**(168)**	**995**
TOTAL IMPAIRMENT AND PROVISIONS FOR CREDIT RISK	**13,176**	**3,845**	**(3,666)**	**(295)**	**13,060**

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 overdraft 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 statement below do not include past due amounts resulting from the time delay between the settlement date and the recognition date.

Past due loans and receivables (past due principal and accrued interest in the case of loans and total overdrawn balance in the case of current accounts) can be broken down by due date as follows:

	Non-impaired loans and receivables with past due payment					
in millions of euros	≤ 90 days	> 90 days and ≤ 180 days	> 180 days and ≤ 1 year	> 1 year	Net outstandings	Total outstandings
Debt instruments	11				142	153
Loans and advances	4,021	607	518	900	10,753	16,799
Other financial assets	5					5
TOTAL AT 12/31/2011	**4,037**	**607**	**518**	**900**	**10,895**	**16,957**

	Non-impaired loans and receivables with past due payment					
in millions of euros	≤ 90 days	> 90 days and ≤ 180 days	> 180 days and ≤ 1 year	> 1 year	Net outstandings	Total outstandings
Debt instruments	12				275	287
Loans and advances	5,213	608	494	710	10,803	17,828
Other financial assets	4					4
TOTAL AT DECEMBER 31, 2010	**5,229**	**608**	**494**	**710**	**11,078**	**18,119**

7.2.5 Restructured loans and receivables

The statement 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	12/31/2011	12/31/2010
Loans and receivables due from credit institutions	12	19
Loans and receivables due from customers	1,083	906
TOTAL RESTRUCTURED LOANS	**1,095**	**925**

7.2.6 Credit risk mitigation mechanisms: assets obtained by taking possession of collateral

The following statement 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	12/31/2011	12/31/2010
Property, plant & equipment	1	2
Investment property	1	7
Other items	25	0
TOTAL ASSETS OBTAINED BY TAKING POSSESSION OF COLLATERAL	**27**	**9**

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:

- VaR for the Groupe BPCE 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

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.

Assets and liabilities by residual maturity

in millions of euros	Less than 3 months	From 3 months to 1 year	From 1 to 5 years	More than 5 years	Perpetual	12/31/2011
Due to central banks	15					15
Trading derivatives	114,576	////	////	////	////	114,576
Other financial liabilities at fair value through profit or loss	72,349	7,841	17,293	15,937		113,420
Hedging derivatives	1,301	338	800	7,540		9,979
Amounts due to credit institutions	48,503	5,960	49,148	14,299	4	117,914
Amounts due to customers	325,574	18,503	42,510	12,148	2	398,737
Debt securities	55,399	35,377	57,828	73,351	363	222,318
Remeasurement adjustments on interest-rate risk hedged portfolio	1,731	////	////	////	////	1,731
Subordinated debt	416	269	4,805	6,266	126	11,882
Financial liabilities by maturity	**619,864**	**68,288**	**172,384**	**129,541**	**495**	**990,572**
Financing commitments given to credit institutions	2,932	1,610	2,427	622		7,591
Financing commitments given to customers	38,300	32,090	35,663	11,738	825	118,616
Financing commitments given	**41,232**	**33,700**	**38,090**	**12,360**	**825**	**126,207**
Guarantees given to credit institutions	351	870	912	13,548	46	15,727
Guarantees given to customers	10,225	8,573	13,526	34,141	2,743	69,208
Guarantees given	**10,576**	**9,443**	**14,438**	**47,689**	**2,789**	**84,935**

Note 8 Employee benefits

8.1 PERSONNEL COSTS

in millions of euros	Fiscal year 2011	Fiscal year 2010
Wages and salaries	(5,761)	(5,909)
Costs of defined-contribution plans	(736)	(760)
Other social security costs and payroll-based taxes	(2,447)	(2,343)
Profit-sharing and incentive plans	(467)	(503)
TOTAL PERSONNEL COSTS	**(9,411)**	**(9,515)**

8.2 EMPLOYEE BENEFITS

The Groupe BPCE grants its staff a variety of employee benefits:

- for the Banque Populaire banks: 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;
- for the Caisses d'Epargne: 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 retained benefits plan is considered as a fund providing long-term employee benefits;
- 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 in the balance sheet

	12/31/2011					12/31/2010				
in millions of euros	CAR	CGP	Pension obligations	Other obligations	Total	CAR	CGP	Pension obligations	Other obligations	Total
Present value of funded obligations	787	4,939	1,339	302	7,367	752	4,596	1,301	280	6,929
Fair value of plan assets	(195)	(4,868)	(628)	(7)	(5,698)	(203)	(4,617)	(636)	(8)	(5,464)
Fair value of reimbursement rights			(38)		(38)		(437)	(42)		(479)
Present value of unfunded obligations			42	11	53			47	4	51
Unrecognized actuarial gains and losses	(115)	(71)	(67)	(3)	(256)	(60)	226	(34)	(3)	129
Unrecognized past service cost			(48)		(48)			(52)	(1)	(53)
NET AMOUNT RECORDED ON THE BALANCE SHEET	**477**	**0**	**600**	**303**	**1,380**	**489**	**(232)**	**584**	**272**	**1,113**
Employee benefit obligations recorded on the balance sheet	477		638	303	1,418	489	206	619	276	1,590
Plan assets recorded on the balance sheet			38		38		438	35	4	477

On January 1, 2010, the CAR became an employee benefits savings 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.

Since December 31, 2008, as a result of the pension reform known as the *loi Fillon*, the CGRCE (a supplementary pension scheme managing a private pension fund on behalf of Group personnel of the Caisse d'Epargne network) has merged with *Prévoyance des Caisses d'Epargne* (CGP), an employee benefits savings institution and member of Ecureuil Protection Sociale (EPS).

8.2.2 Change in amounts recognized on the balance sheet

in millions of euros	12/31/2011 CAR	12/31/2011 CGP	12/31/2011 Pension obligations	12/31/2011 Other commitments	12/31/2011 Total	12/31/2010 CAR	12/31/2010 CGP	12/31/2010 Pension obligations	12/31/2010 Other commitments	12/31/2010 Total
Projected benefit obligation at start of year	752	4,596	1,348	284	6,980	764	4,318	1,319	232	6,633
Service cost			43	99	142			43	62	105
Interest cost	26	162	41	7	236	28	168	53	7	256
Benefits paid	(30)	(112)	(54)	(102)	(298)	(29)	(115)	(63)	(16)	(223)
Actuarial gains and losses	40	296	47	2	385	(20)	221	(17)	(4)	180
Past service cost			1		1			12		12
Other (foreign exchange adjustments, changes for the year)	(1)	(3)	(45)	23	(26)	9	4	1	3	17
Projected benefit obligation at end of year	**787**	**4,939**	**1,381**	**313**	**7,420**	**752**	**4,596**	**1,348**	**284**	**6,980**
Fair value of plan assets at start of year	(203)	(4,617)	(636)	(8)	(5,464)	(199)	(4,255)	(553)	(7)	(5,014)
Expected return on plan assets	(9)	(156)	(26)		(191)	(11)	(161)	(23)		(195)
Plan participant contributions		(211)	(36)		(247)		(219)	(40)		(259)
Benefits paid	1	112	22		135	1	115	29		145
Actuarial gains and losses during the fiscal year	16	1	(13)		4	5	(92)	1		(86)
Other (foreign exchange adjustments, changes for the year)		3	61	1	65	1	(5)	(50)	(1)	(55)
Fair value of plan assets at end of year	**(195)**	**(4,868)**	**(628)**	**(7)**	**(5,698)**	**(203)**	**(4,617)**	**(636)**	**(8)**	**(5,464)**
Fair value of reimbursement rights at start of year		(437)	(42)		(479)		(430)	(51)		(481)
Expected return on reimbursement rights		(6)	(2)		(8)		(7)	(2)		(9)
Contributions paid or received										
Benefits paid			3		3			3		3
Actuarial gains and losses during the fiscal year			2		2			2		2
Other (foreign exchange adjustments, changes for the year)		443	1		444			6		6
Fair value of reimbursement rights at end of year			**(38)**		**(38)**		**(437)**	**(42)**		**(479)**
Net obligation	**592**	**71**	**715**	**306**	**1,684**	**549**	**(458)**	**670**	**276**	**1,037**
Unrecognized actuarial gains and losses	(115)	(71)	(67)	(3)	(256)	(60)	226	(34)	(3)	129
Unrecognized past service cost			(48)		(48)			(52)	(1)	(53)
NET AMOUNT RECORDED IN THE BALANCE SHEET	**477**	**0**	**600**	**303**	**1,380**	**489**	**(232)**	**584**	**272**	**1,113**

At December 31, 2011, the assets of the CGP scheme amounted to €4.9 billion after the transfer of the remaining units in the ER1 mutual fund (FCP) as of December 1, 2011. As a result there were no longer any redemption rights on Caisses d'Epargne's books at December 31, 2011.

At December 31, 2011, the assets covering the pension plans broke down as follows:

- for the Banques Populaires pension plan: 61% in bonds, 32% in equities and 7% in money-market assets;
- for the Caisses d'Epargne pension plan: 86% in bonds, 6% in equities and 8% 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

For the CAR (Banque Populaire banks), actuarial gains and losses derive chiefly from changes in actuarial assumptions.

For the CGP (Caisses d'Epargne regime), the experience adjustments break down as follows:

in millions of euros	12/31/2011	12/31/2010
Present value of funded obligations (1)	4,939	4,596
Fair value of plan assets (2)	(4,868)	(5,054)
NET AMOUNT RECORDED ON THE BALANCE SHEET	**71**	**(458)**
Experience adjustments to plan liabilities - gains/(losses) as a % of (1)	0.44%	4.10%
Experience adjustments to plan assets - gains/(losses) as a % of (2)	0.16%	2.00%

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".

	12/31/2011					12/31/2010				
in millions of euros	CAR	CGP	Pension obligations	Other commitments	Total	CAR	CGP	Pension obligations	Other commitments	Total
Service cost		162	43	99	304			43	62	105
Interest cost	26	(156)	41	7	(82)	28	168	53	7	256
Expected return on hedging assets	(9)	(6)	(26)		(41)	(11)	(161)	(23)		(195)
Expected return on reimbursement rights			(2)		(2)		(7)	(2)		(9)
Actuarial gains and losses			3	(2)	1	(7)		3		(4)
Past service cost			3		3			(2)		(2)
Exceptional events			7	1	8			(2)		(2)
TOTAL COST OF DEFINED-BENEFIT PLANS	**17**	**0**	**69**	**105**	**191**	**10**	**0**	**70**	**69**	**149**

8.2.4 Main actuarial assumptions

	12/31/2011		12/31/2010	
as a percentage	CAR	CGP	CAR	CGP
Discount rate	3.63%	3.80%	3.61%	3.70%
Expected return on plan assets	4.50%	3.40%	5.50%	3.70%
Expected return on reimbursement rights		2.60%		1.75%

The life tables used are:

- TF00/02 for termination benefits, long service awards and other benefits;
- TGH TGF 05 for CAR and CGP.

8.2.5 Sensitivity of plan obligations to changes in main assumptions

At December 31, 2011, a reduction of 1% in the discount rate would have the following impact on actuarial obligations:

- increase of 16% in the supplementary pension plan of the *Caisse Autonome de Retraites* (CAR), *i.e.* around +€125 million;
- increase of 22% in the CGP rights maintenance plan, *i.e.* around +€1,028 million.

8.3 SHARE-BASED PAYMENTS

The main equity-settled plans are presented below.

Natixis share subscription option plans

Natixis plans	Number of options granted	Total number of options in issue	Option strike price (in euros)	Share price at date of grant (in euros)
2007 plan	15,398,922	12,352,340	14.38	21.97
2008 plan	7,576,800	4,236,501	8.27	10.63

The related expenses for the period amount to €2 million (versus €13 million for 2010).

Nexity share subscription option and bonus share allocation plans

	Number of options or shares granted	Number of options or shares granted, not canceled, and not exercised	Option strike price (in euros)	Share price on the grant date
October and December 2004 plans	777,293	0	17.06	17.90
October 2005 plan *	221,638	168,026	35.46	39.20
January 2008 plan	369,500	0	////	27.20
April 2008 plan	139,500	0	////	27.70
December 2008 plan	373,000	296,200	////	8.90
May 2009 plan	158,000	140,500	////	22.70
December 2009 plan	271,000	244,000	////	23.80
May 2010 plan	263,500	248,000	////	26.30
December 2010 plan	344,000	335,000	////	35.50
May 2011 plan	173,000	171,000	////	36.40
December 2011 plan	356,139	343,350	////	21.60
TOTAL	**3,446,570**	**1,946,076**		

* *After adjusting for the right of stock option holders following the distribution of reserves voted at the General Shareholders' Meeting on September 23, 2011.*

The related expenses for the period amount to €9 million (versus €6 million for 2010).

Other share-based payment plans for the Natixis group

Each year since 2010, a share-based payment plan has been awarded to certain categories of staff in accordance with regulations.

Regarding the plans approved in February 2012, as the allocations were not formally completed on the closing date, the cost assessment was based on the best possible estimate of the inputs on the balance sheet date, both in terms of the share value and dividend assumptions.

Long-term payment plan settled in cash and indexed to the Natixis share price

Settlement is subject to presence and performance conditions.

Year of plan	Grant date	Number of units granted at inception*	Vesting dates	Number of units vested by the beneficiaries	Fair value of indexed cash unit at the valuation date (in euros)
2010 plan	02/24/2010	13,990,425	March 2011	4,663,475	-
			March 2012		1.92
			March 2013		1.67
2011 plan	02/22/2011	5,360,547	September 2012	////	1.71
			September 2013	////	1.46
			September 2014	////	1.21
2012 plan	February 2012	5,827,818	September 2013	////	1.46
			September 2014	////	1.22
			October 2015	////	0.99

* *The likely number of units at the acquisition date is covered by equity swaps.*

Short-term payment plan settled in cash and indexed to the Natixis share price

Year of plan	Grant date	Vesting date	Valuation of indexed cash unit (in euros)	Number of indexed cash units granted at inception	Number of probable indexed cash units at acquisition date	Fair value of indexed cash unit at the valuation date (in euros)
2012 plan	February 2012	September 2012	1.94	11,574,785	11,231,033	1.89

The expense associated with the short-term plan, estimated based on the probability of the presence condition being met, is fully recognized in the 2011 financial statements in the amount of €28 million.

Share-based payment plans

Settlement is subject to presence and performance conditions.

Year of plan	Grant date	Number of shares granted at inception	Vesting dates	Number of units vested by the beneficiaries	Bonus share price at date of grant (in euros)	Fair value of bonus share on valuation date (in euros)
2010 plan	02/24/2010	6,858,237	March 2011	2,082,623	3.63	3.31
			March 2012			3.17
			March 2013			2.82
2011 plan	02/22/2011	6,459,081	February 2012	////	4.13	3.44
			February 2013	////		3.29
			February 2014	////		2.89
2012 plan	February 2012	7,633,647	March 2013	////	1.94	1.68
			March 2014	////		1.43
			March 2015	////		1.19

Expense for the period corresponding to employee retention and performance plans

Expense *in millions of euros*	Fiscal year 2011			Fiscal year 2010
	Plans settled in shares	Plans settled in cash indexed on Natixis shares	Total	Total
Prior loyalty plans	12	1	13	37
Loyalty plans from the fiscal year	6	2	8	
TOTAL	**18**	**3**	**21**	**37**

Valuation inputs used to assess the expense relative to these plans

Share price as at December 31, 2011 (in euros)	1.94€
Risk-free interest rate	0.63%
Dividend distribution rate	9.83%
Loss of rights rate	4.40%

Note 9 Segment reporting

The accounting conventions used to prepare the financial statements for fiscal 2011 are described in Note 3 "Consolidation principles and methods".

Groupe BPCE is structured around its two core businesses:

Commercial Banking and Insurance, including:

- the Banque Populaire network, comprised of 19 Banque Populaire banks and their subsidiaries, Crédit Maritime Mutuel, and the mutual guarantee companies;
- the Caisse d'Epargne network consisting of the 17 Caisses d'Epargne;
- Real Estate Financing, the results of which predominantly reflect the contribution of the Crédit Foncier group;
- Insurance, International and the Other networks, chiefly comprising the Group's interest in CNP Assurances, BPCE Assurances, the international and overseas subsidiaries (including BPCE IOM) and Banque Palatine.

Corporate and Investment Banking, Investment Solutions 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;
- Investment Solutions, with asset management, life insurance and private banking and the private equity business;
- Specialized Financial Services, which comprise the Factoring, Leasing, Consumer Finance, Sureties and Guarantees, Employee Benefits Planning, Payments and Securities Services businesses.

Equity Interests is the third business segment, consisting of the Group's stakes in Nexity, MeilleurTaux and Volksbank Romania, along with Natixis' interests in Coface and the Natixis Private Equity activity.

Workout portfolio management and Other businesses notably include:

- the contribution of Natixis' Workout portfolio management business and the run-off management of the former CNCE's proprietary trading and delegated management businesses;
- the contribution made by the Group's central institution and holding companies, and of the activities sold (Foncia and Eurosic) or in the process of being sold (Volksbank International AG excluding Volksbank Romania);
- the write-down of Greek sovereign debt securities;
- adjustments to own debt;
- items related to goodwill impairment and the amortization of valuation differences, as these items form part of the Group's acquisition and investment strategy.

Note that the sector data presented for 2010 have been restated, notably for:

- the post-sale reclassification of Foncia and Eurosic from the Equity Interests segment to the Workout portfolio management and Other businesses segment;
- the reclassification of Volksbank International excluding Volksbank Romania from the Commercial Banking and Insurance segment (Insurance, International and Other networks sub-division) to the Workout portfolio management and Other businesses segment;
- the reclassification of Volksbank Romania from the Commercial Banking and Insurance segment (Insurance, International and Other networks sub-division) to the Equity Interests segment.

9.1 SEGMENT ANALYSIS OF THE CONSOLIDATED INCOME STATEMENT

Results by division

in millions of euros	Commercial Banking and Insurance		CIB, Investment Solutions and SFS		Core businesses		Equity interests		Workout portfolio management and Other businesses		Groupe BPCE	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Net banking income	15,123	14,967	5,795	5,890	20,918	20,857	1,720	1,722	719	780	23,357	23,359
Operating expenses	(9,833)	(9,702)	(3,831)	(3,762)	(13,664)	(13,464)	(1,460)	(1,453)	(757)	(1,140)	(15,881)	(16,057)
Gross operating income	**5,290**	**5,265**	**1,964**	**2,128**	**7,254**	**7,393**	**260**	**269**	**(38)**	**(360)**	**7,476**	**7,302**
Cost/income ratio	*65.0%*	*64.8%*	*66.1%*	*63.9%*	*65.3%*	*64.6%*	*84.9%*	*84.4%*	*ns*	*ns*	*68.0%*	*68.7%*
Cost of risk	(1,277)	(1,208)	(183)	(278)	(1,460)	(1,486)	(34)	(34)	(1,275)	(134)	(2,769)	(1,654)
Operating income/(loss)	**4,013**	**4,057**	**1,781**	**1,850**	**5,794**	**5,907**	**226**	**235**	**(1,313)**	**(494)**	**4,707**	**5,648**
Share of income/(loss) of associates	160	189	14	19	174	208	(112)	9	(69)	0	(7)	217
Net gains or losses on other assets	14	44	2	16	16	60	(7)	(21)	43	(117)	52	(78)
Change in the value of goodwill	0	0	0	0	0	0	0	0	(89)	(38)	(89)	(38)
Income/(loss) before tax	**4,187**	**4,290**	**1,797**	**1,885**	**5,984**	**6,175**	**107**	**223**	**(1,428)**	**(649)**	**4,663**	**5,749**
Income tax	(1,371)	(1,358)	(531)	(492)	(1,902)	(1,850)	(110)	(107)	372	241	(1,640)	(1,716)
Minority interests	(38)	(37)	(378)	(420)	(416)	(457)	(78)	(72)	156	136	(338)	(393)
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	**2,778**	**2,895**	**888**	**973**	**3,666**	**3,868**	**(81)**	**44**	**(900)**	**(272)**	**2,685**	**3,640**

Results of the Commercial Banking and Insurance sub-divisions

in millions of euros	Banques Populaires banks		Caisses d'Epargne		Real Estate Financing		Insurance, International and Other networks		Commercial Banking and Insurance	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Net banking income	6,329	6,239	6,803	6,772	882	951	1,109	1,005	15,123	14,967
Operating expenses	(4,069)	(3,934)	(4,409)	(4,477)	(627)	(586)	(728)	(705)	(9,833)	(9,702)
Gross operating income	**2,260**	**2,305**	**2,394**	**2,295**	**255**	**365**	**381**	**300**	**5,290**	**5,265**
Cost/income ratio	*64.3%*	*63.1%*	*64.8%*	*66.1%*	*71.1%*	*61.6%*	*65.6%*	*70.1%*	*65.0%*	*64.8%*
Cost of risk	(664)	(647)	(355)	(334)	(150)	(99)	(108)	(128)	(1,277)	(1,208)
Operating income/(loss)	**1,596**	**1,658**	**2,039**	**1,961**	**105**	**266**	**273**	**172**	**4,013**	**4,057**
Share of income/(loss) of associates	14	21	0	0	7	5	139	163	160	189
Net gains or losses on other assets	26	14	6	(1)	16	31	(34)	0	14	44
Income/(loss) before tax	**1,636**	**1,693**	**2,045**	**1,960**	**128**	**302**	**378**	**335**	**4,187**	**4,290**
Income tax	(560)	(561)	(683)	(657)	(34)	(71)	(94)	(69)	(1,371)	(1,358)
Minority interests	(8)	(8)	0	0	(1)	(7)	(29)	(22)	(38)	(37)
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	**1,068**	**1,124**	**1,362**	**1,303**	**93**	**224**	**255**	**244**	**2,778**	**2,895**

Results of the Corporate and Investment Banking, Investment Solutions and Specialized Financial Services sub-divisions

	CIB		Investment Solutions		SFS		CIB, Investment Solutions and SFS	
in millions of euros	2011	2010	2011	2010	2011	2010	2011	2010
Net banking income	2,760	3,027	1,884	1,789	1,151	1,074	5,795	5,890
Operating expenses	(1,675)	(1,655)	(1,358)	(1,288)	(798)	(819)	(3,831)	(3,762)
Gross operating income	**1,085**	**1,372**	**526**	**501**	**353**	**255**	**1,964**	**2,128**
Cost/income ratio	*60.7%*	*54.7%*	*72.1%*	*72.0%*	*69.3%*	*76.3%*	*66.1%*	*63.9%*
Cost of risk	(106)	(204)	(16)	(26)	(61)	(48)	(183)	(278)
Operating income/(loss)	**979**	**1,168**	**510**	**475**	**292**	**207**	**1,781**	**1,850**
Share of income/(loss) of associates	0	0	14	19	0	0	14	19
Net gains or losses on other assets	0	1	0	2	2	13	2	16
Income/(loss) before tax	**979**	**1,169**	**524**	**496**	**294**	**220**	**1,797**	**1,885**
Income tax	(294)	(352)	(138)	(71)	(99)	(69)	(531)	(492)
Minority interests	(189)	(234)	(131)	(137)	(58)	(49)	(378)	(420)
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	**496**	**583**	**255**	**288**	**137**	**102**	**888**	**973**

9.2 SEGMENT ANALYSIS OF THE CONSOLIDATED BALANCE SHEET

	Commercial Banking and Insurance		CIB, Investment Solutions and SFS		Equity interests		Workout portfolio management and Other businesses		Groupe BPCE	
in millions of euros	12/31/2011	12/31/2010	12/31/2011	12/31/2010	12/31/2011	12/31/2010	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Segment assets	667,125	625,183	380,004	331,870	7,691	9,032	83,574	82,356	1,138,395	1,048,442
Segment liabilities(1)	542,307	533,410	362,381	316,944	4,609	6,282	116,334	85,152	1,025,632	941,788

	Banques Populaires banks		Caisses d'Epargne		Real Estate Financing services		Insurance, International and Other networks		Commercial Banking and Insurance	
in millions of euros	12/31/2011	12/31/2010	12/31/2011	12/31/2010	12/31/2011	12/31/2010	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Segment assets	206,493	187,852	293,753	281,583	138,069	133,825	28,810	21,923	667,125	625,184
Segment liabilities(1)	183,834	169,922	260,571	250,986	121,649	120,245	(23,748)	(7,744)	542,307	533,411

	CIB		Investment Solutions		Specialized Financial Services		CIB, Investment Solutions and SFS	
in millions of euros	12/31/2011	12/31/2010	12/31/2011	12/31/2010	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Segment assets	310,957	268,090	46,699	41,292	22,348	22,488	380,004	331,870
Segment liabilities(1)	303,645	260,602	42,064	39,713	16,672	16,629	362,381	316,944

(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 based on the location where business activities are accounted for.

Net banking income

in millions of euros	2011	2010
France	19,971	19,924
Rest of Europe	1,184	1,231
North America	1,442	1,459
ROW	760	745
TOTAL	**23,357**	**23,359**

Total segment assets

in millions of euros	12/31/2011	12/31/2010
France	1,041,882	931,675
Rest of Europe	39,193	50,048
North America	39,422	49,314
ROW	17,898	17,405
TOTAL	**1,138,395**	**1,048,442**

Note 10 Commitments

10.1 CONTINGENT LIABILITIES AND COMMITMENTS

The amounts shown represent the nominal value of commitments given.

Financing commitments

in millions of euros	12/31/2011	12/31/2010
Financing commitments given to		
– credit institutions	7,592	17,726
– customers	118,616	110,000
– credit facilities granted	100,080	100,724
– other obligations	18,536	9,276
TOTAL FINANCING COMMITMENTS GIVEN	**126,208**	**127,726**
Financing commitments received from		
– credit institutions	33,500	76,823
– customers	10,116	919
TOTAL FINANCING COMMITMENTS RECEIVED	**43,616**	**77,742**

Guarantee commitments

in millions of euros	12/31/2011	12/31/2010
Guarantees given:		
– to credit institutions	15,727	23,384
– to customers	69,208	73,652
– other securities pledged as collateral	183,492	122,329
TOTAL GUARANTEES GIVEN	**268,427**	**219,365**
Guarantees received:		
– from credit institutions	16,271	16,321
– from customers	80,422	81,644
– other securities received as collateral	77,582	70,592
GUARANTEES RECEIVED	**174,275**	**168,557**

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 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	12/31/2011	12/31/2010[1]
Equity instruments	5,345	4,040
Debt instruments	117,646	98,045
Loans and advances	155,645	128,818
Other financial assets	1	574
TOTAL	**278,637**	**231,477**

(1) Amount at 12/31/2010 restated for comparability

As of December 31, 2011, receivables allocated as collateral under refinancing arrangements mainly included the following:

- €80,286 million in receivables assigned to Banque de France in connection with the TRICP system (€74,251 million at December 31, 2010);
- €15,305 million in receivables pledged to SFEF (€19,872 million at December 31, 2010);
- €5,275 million in receivables provided as a guarantee for financing obtained from the European Investment Bank (EIB), compared to €4,764 million as of December 31, 2010;
- €3,960 million in receivables given as guarantees to the Caisse de Refinancement Hypothécaire, versus €2,798 million at December 31, 2010.

10.3 FINANCIAL ASSETS RECEIVED AS COLLATERAL THAT CAN BE SOLD OR REPLEDGED

Groupe BPCE did not recognize any material amounts of assets received as collateral and recorded as an asset on the balance sheet under 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 COMPANIES

All 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 statement 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 significant transaction;
- companies over which the Group exercises significant influence and which are accounted for using the equity method: the Group received commission payments from the CNP group amounting to €857 million in 2011 (€764 million in 2010).

A list of fully consolidated subsidiaries is presented in the scope of consolidation section (see Note 12).

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

Short-term benefits paid out to management personnel amounted to €5 million in 2011 (vs. €5 million in 2010).

These include compensation, directors' attendance fees and benefits paid to members of the Management Board and of the Supervisory Board.

Share-based payments

Since 2009, 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 2011, €1 million was paid out as a contribution into the supplementary pension plan for key management personnel (vs. €2 million in 2010).

11.3 RELATIONS WITH SOCIAL HOUSING UNDERTAKINGS

The Groupe BPCE is a longstanding partner in the HLM social housing movement in France and a key player in the social housing production process. The Group acts as an operator (the leading privately owned bank involved in the construction of social housing which it finances in particular through Livret A deposits) and is one of the main distributors of state-sponsored rental accommodation loans (*prêts locatifs sociaux* and *prêts locatifs intermédiaires*). The Group is also the sole major shareholder in certain social housing undertakings.

In view of the economic substance of the Group's dealings with the social housing sector, where organizations are subject to specific regulations, some social housing undertakings have been classified as related parties.

Banking transactions with social housing undertakings

In millions of euros	12/31/2011	12/31/2010
Loan outstandings	1,163	608
Commitments given	191	111
Deposit account balances	420	379
Outstanding financial investments (mutual funds and securities)	27	47

In millions of euros	Fiscal year 2011	Fiscal year 2010
Interest income from loans	34	18
Interest expense on bank deposits	12	7
Financial expense on investments (mutual funds and securities)	0	0

Note 12 Scope of consolidation

12.1 CHANGES IN SCOPE OF CONSOLIDATION DURING FISCAL YEAR 2011

The main changes in the scope of consolidation during 2011 are presented below:

Increase in the percentage of the Group's interests in Natixis

Subsequent to the option exercised by BPCE to receive the Natixis dividend in new shares, the Group has a 72.4% Equity interest in Natixis on December 31, 2011 (compared to 71.7% on December 31, 2010).

Creation of the 1818 Partenaires platform

For the purposes of creating a distribution platform for Independent Wealth Management Advisors (IWMAs), on March 31, 2011 Banque Privée 1818 acquired 66% of Sélection R, a subsidiary of Rothschild Group, renaming it Sélection 1818. This acquisition generated goodwill of €38 million. Banque Privée 1818 also granted a put to Messine Participations (which holds 34% of Sélection 1818). The value of the put was recorded in debt at €34 million at December 31, 2011.

Purchase of Equity interests held by third parties in real estate activities in Morocco.

In the first quarter of 2011, BPCE IOM purchased interests held by others in its real estate businesses.

In line with IFRS 3 (Revised), this acquisition of minority shares in entities controlled by the Group has no direct impact on the income statement. It is reflected in a total net reduction in equity equal to the amount paid, namely €22 million.

Sale of Eurosic (see section 1.3).

Sale of Foncia (see section 1.3).

Foncia's contribution to the income statement for 2011 is as follows:

in millions of euros	**H1 2011**
Net banking income	**298**
Operating expenses	(269)
Gross operating income	**29**
Cost of risk	
Operating income/(loss)	**29**
Gains or losses on other assets	
Change in the value of goodwill	
Income/(loss) before tax	**29**
Income tax	(14)
Net income/(loss)	**15**
Minority interests	
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	**15**

Sale of the Group's interest in Crédit Immobilier et Hôtelier (CIH) (see 1.3).

The disposal of Groupe BPCE's indirect 23.8% holding in Crédit Immobilier et Hôtelier (CIH) generated a loss of €32 million. The share of CIH profits recorded in income from associates amounted to €5 million.

Goodwill amounting to nearly €77 million, recorded under "Investments in associates", was derecognized.

Creation of the Banque Populaire Aquitaine Centre Atlantique

On November 7, 2011, the Shareholders' Meetings of the Banque Populaire Centre Atlantique and the Banque Populaire du Sud-Ouest approved the merger of the two entities, leading to the creation of Banque Populaire Aquitaine Centre Atlantique.

This merger between entities that are part of the consolidating entity had no impact on the Group's consolidated financial statements.

Acquisition of a controlling interest in Banque Malgache de l'Océan Indien (BMOI)

On July 1, 2011, Groupe BPCE finalized the acquisition of a 75% majority interest in Banque Malgache de l'Océan Indien (BMOI) from BNP Paribas group.

This acquisition generated goodwill in the amount of €28 million and debt amounting to €10 million, charged against retained earnings (Group share) in respect of sale options granted to minority shareholders.

12.2 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.

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.

The securitization transactions by the Crédit Foncier group are initiated 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 the specialized subsidiary Vauban Mobilisation Garanties.

These entities are consolidated as the Group has a controlling stake in respect of SIC 12 criteria.

The following table shows asset transfers carried out with no partial or total derecognition:

in millions of euros	Type of assets	Year of inception	Expected maturity	Nominal at inception	Balance at 12/31/2011
Partimmo 10/2001	Residential mortgage loans	10/29/2001	October 2035	1,663	182
Partimmo 07/2002	Residential mortgage loans	07/10/2002	July 2039	1,222	190
Partimmo 10/2002	Residential mortgage loans	11/12/2002	January 2022	707	115
Partimmo 05/2003	Residential mortgage loans	06/11/2003	July 2021	987	233
Partimmo 11/2003	Residential mortgage loans	11/12/2003	March 2029	1,045	245
Partimmo sub-total				**5,624**	**965**
Zèbre 1	Residential mortgage loans	11/25/2004	October 2031	1,173	276
Zèbre two	Residential mortgage loans	10/28/2005	July 2024	739	235
Zèbre 2006-1	Residential mortgage loans	11/28/2006	January 2046	689	310
Zèbre sub-total				**2,601**	**821**
TOTAL				**8,225**	**1,786**

Through specific conduits, Natixis structures securitization transactions on behalf of its customers or investors. Natixis extends liquidity lines to two ABCP conduits (Versailles and Magenta). At December 31, 2011, these lines totaled €4.8 billion.

Natixis also granted a total amount of €632 million in liquidity lines to several funds arranged by third parties (Landale, Northwest, Cedulas) at December 31, 2011.

At December 31, 2011 none of these vehicles were consolidated. As Natixis does not control them, it was not exposed to risks and did not receive the benefits relating to the securitized assets.

12.3 GUARANTEED MUTUAL FUNDS

Guaranteed mutual funds are designed to reach a specific amount at the end of a given period, determined by applying a predefined calculation formula based on financial market indicators and, where appropriate, to distribute revenues derived from the investments as determined using the same methods. The portfolio management targets of these funds are guaranteed by a credit institution.

Based on an analysis of the substance of these funds in accordance with SIC 12, the Group cannot be regarded as holding substantially all the risks and rewards of ownership. Consequently, these entities are not consolidated.

12.4 SCOPE OF CONSOLIDATION AT DECEMBER 31, 2011

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	Location[a]	Percentage ownership	Percentage control	Consolidation method[b]
I) CONSOLIDATING ENTITY				
I-1 Banque Populaire banks				
Banque Populaire d'Alsace	FR	100.00%	100.00%	FC
Banque Populaire Aquitaine Centre Atlantique(1)	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 Côte d'Azur	FR	100.00%	100.00%	FC
Banque Populaire de 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 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
Crédit Coopératif	FR	100.00%	100.00%	FC
I-2 Caisses d'Epargne				
Caisse d'Epargne Aquitaine Poitou-Charentes	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 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 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 Ile-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 Drome Ardèche	FR	100.00%	100.00%	FC
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				
54 Mutual Guarantee Companies	FR	100.00%	100.00%	FC
I-5 Affiliated Institutions				
Caisse Régionale Crédit Maritime Bretagne Normandie	FR	100.00%	100.00%	FC
Caisse Régionale Crédit Maritime Atlantique	FR	100.00%	100.00%	FC
Caisse Régionale Crédit Maritime de Méditerranée	FR	100.00%	100.00%	FC
Caisse Régionale Crédit Maritime Région Nord	FR	100.00%	100.00%	FC
Caisse Régionale Crédit Maritime Sud-ouest	FR	100.00%	100.00%	FC
Crédit Maritime Outre-mer	FR	100.00%	100.00%	FC

Companies	Location[a]	Percentage ownership	Percentage control	Consolidation method[b]
II) "ASSOCIATED" INSTITUTIONS				
CMGM	FR	7.21%	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	0.78%	100.00%	FC
Société Financière de la NEF	FR	2.70%	100.00%	FC
Socorec	FR	-	100.00%	FC
Sofigard	FR	0.27%	100.00%	FC
Sofindi	FR	3.38%	100.00%	FC
Sofirif	FR	14.39%	100.00%	FC
Sofiscop	FR	1.08%	100.00%	FC
Sofiscop Sud-Est	FR	3.66%	100.00%	FC
Somudimec	FR	0.17%	100.00%	FC
Somupaca	FR	1.30%	100.00%	FC
III) SUBSIDIARIES				
III-1 - Subsidiaries of the Banque Populaire banks				
Atlantique Plus	FR	100.00%	100.00%	FC
Aurora	BE	100.00%	0.00%	EQ
Banque Calédonienne d'Investissement	FR	49.90%	49.90%	EQ
Banque Chaix	FR	100.00%	100.00%	FC
Banque de Savoie	FR	99.97%	100.00%	FC
Banque Dupuy, de Parseval	FR	100.00%	100.00%	FC
Banque Franco LAO	LS	54.00%	54.00%	FC
Banque Marze	FR	100.00%	100.00%	FC
Banque Monétaire et Financière	FR	100.00%	100.00%	FC
Batilease	FR	94.89%	94.89%	FC
Batilease Invest	FR	94.89%	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
BPA Atouts Participations	FR	100.00%	100.00%	FC
BRED China Ltd	CN	100.00%	100.00%	FC
BRED Cofilease	FR	100.00%	100.00%	FC
BRED Gestion	FR	100.00%	100.00%	FC
BRED IT	TH	100.00%	100.00%	FC
BRED Vanuatu	VA	85.00%	85.00%	FC
BTP Banque	FR	100.00%	100.00%	FC
BTP Capital Conseil	FR	99.99%	99.99%	FC
BTP Capital Investissement	FR	79.42%	79.42%	FC
Cadec	FR	25.30%	25.30%	EQ
Caisse de Garantie Immob. du Bâtiment	FR	33.40%	33.40%	EQ
Caisse Solidaire	FR	61.16%	100.00%	FC
CAPI Court Terme N°1	FR	100.00%	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

Companies	Location[a]	Percentage ownership	Percentage control	Consolidation method[b]
Coopest	BE	29.97%	29.98%	EQ
Crédit Commercial du Sud-Ouest(2)	FR	100.00%	100.00%	FC
Creponord	FR	100.00%	100.00%	FC
De Portzamparc	FR	23.53%	23.53%	EQ
Ecofi Investissement	FR	99.98%	100.00%	FC
EPBF	BE	100.00%	100.00%	FC
Esfin	FR	38.09%	38.93%	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
FCC Eridan	FR	100.00%	100.00%	FC
Financière Champlain	FR	59.11%	100.00%	FC
Financière de la BP Occitane	FR	100.00%	100.00%	FC
Financière Participation BPS	FR	100.00%	100.00%	FC
Fipromer	FR	100.00%	100.00%	FC
Foncière du Vanuatu	VA	100.00%	100.00%	FC
Foncière Victor Hugo	FR	100.00%	100.00%	FC
France Active Garantie	FR	19.97%	19.97%	EQ
Garibaldi Capital Développement	FR	100.00%	100.00%	FC
GIE USC	FR	99.68%	100.00%	FC
Groupement de Fait	FR	100.00%	100.00%	FC
i-bp Investissement	FR	99.80%	100.00%	FC
Immocarso SNC	FR	100.00%	100.00%	FC
Informatique Banques Populaires	FR	100.00%	100.00%	FC
Ingénierie et Développement	FR	99.99%	99.99%	FC
Intercoop	FR	98.33%	100.00%	FC
Intercoop Location	FR	90.55%	90.55%	FC
IRR Invest	BE	100.00%	100.00%	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
Multicroissance SAS	FR	100.00%	100.00%	FC
NJR Invest	FR	100.00%	100.00%	FC
Ouest Croissance SCR	FR	95.76%	95.76%	FC
Parnasse Finances	FR	100.00%	100.00%	FC
Participations BPSO	FR	100.00%	100.00%	FC
Plusexpansion	FR	99.99%	99.99%	FC
Prepar Courtage	FR	99.40%	99.40%	FC
Prepar lard	FR	99.98%	99.98%	FC
PreparVie	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 Esfin Gestion	FR	60.00%	100.00%	FC
SAS Perspectives et Participations	FR	100.00%	100.00%	FC
SAS Sociétariat BP Lorraine Champagne	FR	100.00%	100.00%	FC
SAS Tasta	FR	70.00%	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

Companies	Location[(a)]	Percentage ownership	Percentage control	Consolidation method[(b)]
SCI BPSO	FR	99.00%	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
SI Equinoxe	FR	100.00%	100.00%	FC
SIMC	FR	100.00%	100.00%	FC
SMI	FR	100.00%	100.00%	FC
Sociétariat BP Aquitaine Centre Atlantique(1)	FR	100.00%	100.00%	FC
Sociétariat BP Bourgogne Franche-Comté	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
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 Val de France	FR	100.00%	100.00%	FC
Sociétariat Crédit Coopératif	FR	98.33%	100.00%	FC
Société Centrale du Crédit Maritime Mutuel	FR	99.91%	100.00%	FC
Société d'Expansion Bourgogne Franche-Comté	FR	100.00%	100.00%	FC
Société Immobilière 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 SAS	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 Service	FR	100.00%	100.00%	FC
Expanso	FR	91.16%	91.16%	FC

Companies	Location[a]	Percentage ownership	Percentage control	Consolidation method[b]
Expanso Capital	FR	91.16%	100.00%	FC
Expanso Investissements	FR	99.55%	99.55%	FC
FCPR Fideppp	FR	91.62%	100.00%	FC
GIE Canal Ecureuil	FR	100.00%	100.00%	FC
GIE CE Syndication Risques	FR	100.00%	100.00%	FC
IT-CE	FR	100.00%	100.00%	FC
Midi Foncière	FR	100.00%	100.00%	FC
Muracef	FR	100.00%	100.00%	FC
OPCI Immo d'Exploitation	FR	100.00%	100.00%	FC
Philae SAS	FR	100.00%	100.00%	FC
SAS Foncière des Caisses d'Epargne	FR	100.00%	100.00%	FC
SAS Foncière Ecureuil	FR	100.00%	100.00%	FC
SAS Foncière Ecureuil II	FR	76.83%	100.00%	FC
SCI Foncière 1	FR	100.00%	100.00%	FC
SCI Tournon	FR	100.00%	100.00%	FC
Sebadour	FR	76.77%	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	87.47%	100.00%	FC
Tofinso Investissements	FR	100.00%	100.00%	FC
Triton	FR	100.00%	100.00%	FC
Vivalis Investissements	FR	100.00%	100.00%	FC
III-3 - BPCE SA subsidiaries				
Actifs Immobiliers d'Exploitation	FR	100.00%	100.00%	FC
Albiant IT	FR	99.00%	100.00%	FC
Bankeo	FR	60.00%	60.00%	FC
BP Covered Bonds	FR	100.00%	100.00%	FC
BPCE Achats	FR	97.97%	100.00%	FC
BPCE APS	FR	79.95%	100.00%	FC
BPCE Assurances	FR	60.00%	100.00%	FC
BPCE Home Loans	FR	100.00%	100.00%	FC
BPCE Immobilier Exploitation	FR	100.00%	100.00%	FC
BPCE SFH	FR	100.00%	100.00%	FC
CSF-GCE	FR	96.60%	100.00%	FC
GCE Capital	FR	100.00%	100.00%	FC
GCE Covered Bonds	FR	100.00%	100.00%	FC
GCE Participations	FR	100.00%	100.00%	FC
Groupe Natixis[C]	FR	72.39%	72.39%	FC
MA BANQUE	FR	65.92%	65.92%	FC
Meilleur Taux	FR	100.00%	100.00%	FC
Mifcos	FR	100.00%	100.00%	FC
Oterom Holding	FR	100.00%	100.00%	FC
SAS GCE P.AV Immobilier	FR	100.00%	100.00%	FC
SCI Ponant+	FR	100.00%	100.00%	FC
Socram Banque	FR	33.42%	33.42%	EQ
VBI	AT	24.50%	24.50%	EQ

Companies	Location[a]	Percentage ownership	Percentage control	Consolidation method[b]
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
BPCE International et Outre-mer group				
Al Mansour Palace Maroc	MA	40.00%	40.00%	EQ
Arab International Lease	TN	39.00%	65.00%	FC
Banque de La Réunion	FR	88.90%	88.90%	FC
Banque de Nouvelle-Calédonie	NC	96.74%	96.74%	FC
Banque de Tahiti	FP	96.12%	96.12%	FC
Banque des Antilles Françaises	FR	99.70%	99.69%	FC
Banque des Iles Saint-Pierre-et-Miquelon	FR	79.66%	79.66%	FC
Banque des Mascareignes	MU	100.00%	100.00%	FC
Banque Malgache de l'Océan Indien	MG	75.00%	75.00%	FC
Banque Tuniso-Koweitienne	TN	60.00%	60.00%	FC
BCI BQ Commerciale Internationale	CG	99.98%	99.98%	FC
BCP Luxembourg	LU	80.10%	80.10%	FC
BICEC	CM	64.87%	64.85%	FC
BM Madagascar	MG	70.00%	70.00%	FC
BPCE International et Outre-mer	FR	100.00%	100.00%	FC
BPCE Maroc	MA	100.00%	99.93%	FC
BPCE Maroc Immobilier	MA	100.00%	100.00%	FC
Fransa Bank	LB	40.01%	40.01%	EQ
Ingépar	FR	100.00%	100.00%	FC
Medai SA	TN	66.99%	78.99%	FC
Oceorane	FR	100.00%	100.00%	FC
Pramex	FR	100.00%	100.00%	FC
SARL Résidence du Golf de Bouznica Bay	MA	100.00%	100.00%	FC
SKY Elite Tour SARL	MA	100.00%	100.00%	FC
Société de Conseils et d'Intermédiation Financière	TN	47.98%	79.96%	FC
EL ISTIFA	TN	60.00%	100.00%	FC
Société Havraise Calédonienne	NC	89.70%	92.72%	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	52.02%	100.00%	FC
Univers Participations (Sicaf)	TN	59.87%	99.99%	FC
Crédit Foncier group				
Banco Primus	PT	94.94%	94.94%	FC
Crédit Foncier de France	FR	100.00%	100.00%	FC
CFG Cie Fin de Garantie	FR	100.00%	100.00%	FC
Cinergie	FR	100.00%	99.99%	FC
Cofimab	FR	100.00%	99.99%	FC
Compagnie de Financement Foncier	FR	100.00%	100.00%	FC
Crédit Foncier Immobilier	FR	74.93%	74.93%	FC
Ecufoncier	FR	100.00%	100.00%	FC
Environnement Titrisation Entenial	FR	100.00%	100.00%	FC

Companies	Location[a]	Percentage ownership	Percentage control	Consolidation method[b]
Financière Desvieux	FR	100.00%	100.00%	FC
Foncier Expertise	FR	74.93%	100.00%	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	72.69%	72.69%	FC
Maison France Confort Prou Investissements	FR	49.00%	49.00%	EQ
Serexim	FR	74.93%	100.00%	FC
Sipari	FR	100.00%	99.99%	FC
SIRP	FR	100.00%	100.00%	FC
SOCFIM	FR	100.00%	99.99%	FC
SOCFIM Participations Immobilières	FR	100.00%	100.00%	FC
Vendôme Investissements	FR	100.00%	99.99%	FC
VMG	FR	100.00%	100.00%	FC
Banque Palatine group				
Aries Assurances	FR	100.00%	100.00%	FC
Banque Palatine	FR	100.00%	100.00%	FC
Banque Michel Inchauspe	FR	20.00%	20.00%	EQ
Conservateur Finance	FR	20.00%	20.00%	EQ
Palatine Asset Management	FR	100.00%	100.00%	FC
III-4 - Subsidiaries of CE Holding Promotion				
CE Holding Promotion	FR	100.00%	100.00%	FC
Habitat en Région Services	FR	100.00%	100.00%	FC
Nexity Group[d]	FR	41.80%	100.00%	FC
Sacogiva	FR	45.00%	45.00%	EQ
Sogima	FR	55.99%	55.99%	EQ
III-5 Local savings companies				
275 Local Savings Companies	FR	100.00%	100.00%	FC

Comments

(1) Merger of BP Centre Atlantique and BP du Sud-Ouest

(2) Merger of CCSO and PELLETIER

(a) Country of operation:
AT: Austria - BE: Belgium - CG: Congo - CM: Cameroon - FR: France - LB: Lebanon - LU: Luxembourg - MA: Morocco - MU: Mauritius - MG: Madagascar - NC: New Caledonia - PF: French Polynesia - PL: Poland - TN: Tunisia - VA: Vanuatu.

(b) Consolidation method
FC Full consolidation
EQ Equity method
PC Proportional consolidation

(c) Natixis group:
The Natixis group comprises 344 fully-consolidated entities and 10 entities consolidated using the equity method. Its principal subsidiaries are as follows: Coface, Banque Privée 1818, Natixis Global Asset Management, Natixis North America LLC, Natixis Private Equity and Compagnie Européenne de Garanties et de Cautions.

(d) Nexity group:
The Nexity Group comprises 1,669 fully-consolidated entities, 136 proportionally-consolidated entities and 5 entities consolidated using the equity method.

5.1.7 Statutory Auditors' report on the financial statements

For the year ended December 31, 2011

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the consolidated financial statements and includes an explanatory paragraph discussing the Auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

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, 2011, on:

- the audit of the accompanying financial statements of BPCE;
- the justification of our assessments;
- the specific verification and information required by French law.

These consolidated financial statements have been approved by the Management Board. Our role is to express an opinion on these consolidated financial statements based on our audit.

I. Opinion on the 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 involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group at December 31, 2011 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

II. Justification of our assessments

The accounting estimates used in the preparation of the consolidated financial statements for the year ended December 31, 2011 were made in an uncertain environment resulting from the public finance crisis in certain eurozone countries, in particular in Greece, combined with a liquidity and an economic crisis, which makes it difficult to assess the economic outlook. It is in this context that, in accordance with the requirements 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

CREDIT AND COUNTERPARTY RISK PROVISION

The Group records impairment and provisions to cover the credit and counterparty risks inherent to its activities (Notes 1.3.5, 4.1.7 and 7.2 to the consolidated financial statements). We reviewed the control procedures put in place by the Group to identify risk exposure, monitor credit and counterparty risks, assess the risks of non-recovery and calculate the related impairment and provisions on an individual and portfolio basis, notably regarding risks related to Greek sovereign debt.

VALUATION OF FINANCIAL INSTRUMENTS

The Group uses internal models to measure financial instruments that are not quoted in active markets (Notes 1.3.5, 4.1.6 and 5.4 to the consolidated financial statements). 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 inputs used.

IMPAIRMENT OF AVAILABLE-FOR-SALE ASSETS

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 reviewed the control procedures relating to the identification of evidence of impairment, valuation of the most significant items, and estimates leading, where applicable, to the recognition of impairment losses.

GOODWILL IMPAIRMENT

The Group carried out goodwill impairment tests which led, when necessary, to the recognition of impairment (Notes 3.4.3 and 5.14 to the consolidated financial statements). We reviewed the methods and main inputs and assumptions used when performing these tests, as well as estimates used to recognize any impairment losses.

DEFERRED TAX ASSETS

The Group recognized deferred tax assets, particularly in respect of tax loss carryforwards (Notes 4.12, 5.8 and 6.11 to the consolidated financial statements). We reviewed the main estimates and assumptions that led to the recognition of these deferred tax assets.

PROVISIONS FOR EMPLOYEE BENEFIT OBLIGATIONS

The Group records provisions to cover employee benefit obligations (Notes 4.10, 5.19 and 8.2 to the consolidated financial statements). We reviewed the valuation method for these obligations and the main inputs and assumptions used.

PROVISIONS FOR COMMITMENTS IN HOME SAVER ACCOUNTS

The Group records provisions to cover the risk of potentially unfavorable consequences regarding commitments related to home savings plans and accounts. We reviewed the valuation method for these provisions and verified that Notes 4.5 and 5.19 to the consolidated financial statements provide appropriate disclosures.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed, which is expressed in the first part of this report.

III. Specific verification

As required by law and in accordance with professional standards applicable in France, we have also verified the information presented in the Group's management report. We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Paris La Défense and Neuilly-sur-Seine, March 30, 2012

The Statutory Auditors

KPMG Audit	PricewaterhouseCoopers Audit	Mazars
Department of KPMG SA		
Fabrice Odent	Anik Chaumartin	Charles de Boisriou
Marie-Christine Jolys		Jean Latorzeff

5.2 IFRS consolidated financial statements of the BPCE SA group as at December 31, 2011

5.2.1 Consolidated balance sheet

ASSETS

in millions of euros	Notes	12/31/2011	12/31/2010
Cash and amounts due from central banks		11,678	19,743
Financial assets at fair value through profit or loss	*5.1.1*	234,751	161,612
Hedging derivatives	*5.2*	10,985	7,279
Available-for-sale financial assets	*5.3*	51,335	41,374
Loans and receivables due from credit institutions	*5.5.1*	167,086	183,307
Loans and receivables due from customers	*5.5.2*	245,247	260,415
Remeasurement adjustments on interest-rate risk hedged portfolio		4,536	2,128
Held-to-maturity financial assets	*5.7*	4,626	6,151
Current tax assets		1,119	879
Deferred tax assets	*5.8*	3,540	3,855
Accrued income and other assets	*5.9*	40,864	34,387
Non-current assets held for sale		0	43
Deferred profit sharing	*5.10*	837	0
Investments in associates	*5.11*	12,522	12,649
Investment property	*5.12*	1,439	1,303
Property, plant & equipment	*5.13*	1,301	1,177
Intangible assets	*5.13*	914	1,491
Goodwill	*5.14*	2,948	3,624
TOTAL ASSETS		**795,728**	**741,417**

LIABILITIES

in millions of euros	Notes	12/31/2011	12/31/2010
Amounts due to central banks		13	488
Financial liabilities at fair value through profit or loss	*5.1.2*	229,834	160,865
Hedging derivatives	*5.2*	9,394	6,753
Amounts due to credit institutions	*5.15.1*	162,798	153,565
Amounts due to customers	*5.15.2*	61,212	77,446
Debt securities	*5.16*	212,382	223,014
Remeasurement adjustments on interest-rate risk hedged portfolio		1,431	982
Current tax liabilities		454	461
Deferred tax liabilities	*5.8*	377	789
Accrued expenses and other liabilities	*5.17*	34,347	29,278
Technical reserves of insurance companies	*5.18*	41,656	40,502
Provisions	*5.19*	2,026	1,993
Subordinated debt	*5.20*	12,109	14,212
Consolidated equity		**27,695**	**31,069**
Equity attributable to equity holders of the parent		**21,571**	**25,146**
Share capital and additional paid-in capital		18,408	19,608
Retained earnings		3,596	4,414
Gains and losses recognized directly in equity		(835)	(441)
Net income for the period		402	1,565
Minority interests		6,124	5,923
TOTAL LIABILITIES AND EQUITY		**795,728**	**741,417**

5.2.2 Consolidated income statement

in millions of euros	Notes	Fiscal year 2011	Fiscal year 2010
Interest and similar income	*6.1*	18,830	16,560
Interest and similar expenses	*6.1*	(15,005)	(13,139)
Commission income	*6.2*	4,182	4,229
Commission expense	*6.2*	(1,509)	(1,372)
Net gains or losses on financial instruments at fair value through profit or loss	*6.3*	1,130	2,354
Net gains or losses on available-for-sale financial assets	*6.4*	138	(213)
Income from other activities	*6.5*	6,663	7,188
Expenses from other activities	*6.5*	(5,319)	(6,340)
Net banking income		**9,110**	**9,267**
Operating expenses	*6.6*	(6,223)	(6,473)
Depreciation, amortization and impairment for property, plant and equipment and intangible assets		(371)	(435)
Gross operating income		**2,516**	**2,359**
Cost of risk	*6.7*	(1,671)	(526)
Operating income		**845**	**1,833**
Share of net income of associates	*6.8*	554	685
Net gain or loss on other assets	*6.9*	(133)	(89)
Change in value of goodwill	*6.10*	(87)	0
Income before tax		**1,179**	**2,429**
Income tax	*6.11*	(344)	(413)
Net income		**835**	**2,016**
Minority interests		(433)	(451)
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**402**	**1,565**

5.2.3 Statement of net income and gains and losses recognized directly in equity

in millions of euros	Fiscal year 2011	Fiscal year 2010
Net income	**835**	**2,016**
Foreign exchange rate adjustments	167	268
Change in the value of available-for-sale financial assets	(753)	(447)
Change in the value of hedging derivatives	(14)	137
Taxes	244	193
Share of gains and losses recognized directly in the equity of associates	(66)	(8)
GAINS AND LOSSES RECOGNIZED DIRECTLY IN EQUITY (AFTER TAX)	**(422)**	**143**
NET INCOME AND GAINS AND LOSSES RECOGNIZED DIRECTLY IN EQUITY	**413**	**2,159**
Attributable to equity holders of the parent	9	1,542
Minority interests	404	617

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	Preference shares	Perpetual deeply subordinated notes	Retained earnings
SHAREHOLDERS' EQUITY AT JANUARY 1, 2010	**390**	**14,988**	**3,000**	**6,250**	**(1,044)**
Capital increase	77	1,730			
Dividend payments					(105)
Buyback of deeply subordinated notes				(1,300)	
Interest on deeply subordinated notes					(409)
Buyback of preference shares			(1,800)		(102)
Impact of the merger		1,223			888
Impact of acquisitions and disposals on minority interests					
Gains and losses recognized directly in equity					
Net income					
Other changes					236
SHAREHOLDERS' EQUITY AT DECEMBER 31, 2010	**467**	**17,941**	**1,200**	**4,950**	**(536)**
Appropriation of net income for 2010					1,565
SHAREHOLDERS' EQUITY AT JANUARY 1, 2011	**467**	**17,941**	**1,200**	**4,950**	**1,029**
Dividend payments					(104)
Buyback of deeply subordinated notes				(1,697)	(245)
Interest on deeply subordinated notes					(288)
Buyback of preference shares (1)			(1,200)		(20)
Impact of acquisitions and disposals on minority interests					(59)
Gains and losses recognized directly in equity					
Net income					
Other changes					30
SHAREHOLDERS' EQUITY AT DECEMBER 31, 2011	**467**	**17,941**	**0**	**3,253**	**343**

Comments:

(1) BPCE completed the buy-back of preference shares subscribed for by the French government totaling €1.2 billion. As of December 31, 2011, there were no outstanding preference shares. In 2010, BPCE bought back preference shares subscribed for by the French government for a total of €1.8 billion.

Gains and losses recognized directly in equity						
	Change in fair value of financial instruments					
Foreign exchange rate adjustments	Available-for-sale financial assets	Hedging derivatives	Net income attributable to equity holders of the parent	Shareholders' equity	Minority interests	Total consolidated equity
(170)	**111**	**(358)**		**23,167**	**5,303**	**28,470**
				1,807		1,807
				(105)	(39)	(144)
				(1,300)		(1,300)
				(409)	(56)	(465)
				(1,902)		(1,902)
	(36)	(11)		2,064	107	2,171
					(35)	(35)
187	(276)	111		24	166	190
			1,565	1,565	451	2,016
				236	27	263
18	**(201)**	**(258)**	**1,565**	**25,146**	**5,923**	**31,069**
			(1,565)			
18	**(201)**	**(258)**		**25,146**	**5,923**	**31,069**
				(104)	(237)	(341)
				(1,942)	(29)	(1,971)
				(288)	(54)	(342)
				(1,220)		(1,220)
				(59)	64	5
100	(503)	9		(394)	(29)	(423)
			402	402	433	835
				30	53	83
118	**(704)**	**(249)**	**402**	**21,571**	**6,124**	**27,695**

5.2.5 Consolidated cash flow statement

in millions of euros	12/31/2011	12/31/2010
Income before tax	**1,179**	**2,429**
Net depreciation and amortization of property, plant and equipment, and intangible assets	439	395
Goodwill impairment	87	
Net charge to provisions and provisions for impairment	1,355	2,502
Share in net income/(loss) of associates	(469)	(602)
Net cash flows generated by investing activities	(193)	(490)
Income/expense from financing activities	518	571
Other movements	868	1,397
Total non-monetary items included in net income/(loss) before tax	**2,605**	**3,773**
Net increase or decrease arising from transactions with credit institutions	36,978	(15,329)
Net increase or decrease arising from transactions with customers	8,335	1,819
Net increase or decrease arising from transactions involving financial assets and liabilities	(31,036)	20,056
Net increase or decrease arising from transactions involving non-financial assets and liabilities	(9,597)	(2,152)
Taxes paid	125	316
Net increase/(decrease) in assets and liabilities resulting from operating activities	**4,805**	**4,710**
Net cash flows generated by operating activities (A)	**8,589**	**10,912**
Net increase or decrease related to financial assets and equity investments	3,403	3,482
Net increase or decrease related to investment property	(222)	(56)
Net increase or decrease related to property, plant and equipment, and intangible assets	(397)	(458)
Net cash flows generated by investing activities (B)	**2,784**	**2,968**
Net increase (decrease) arising from transactions with shareholders[(1)]	(3,532)	(609)
Other increases or decreases generated by financing activities	(2,640)	(1,795)
Net cash flows generated by financing activities (C)	**(6,172)**	**(2,404)**
Impact of changes in exchange rates (D)	**(45)**	**(24)**
TOTAL NET CASH FLOWS (A+B+C+D)	**5,156**	**11,452**
CASH AND NET BALANCE OF ACCOUNTS WITH CENTRAL BANKS		
Cash and net balance of accounts with central banks (assets)	19,743	8,755
Due to central banks (liabilities)	(488)	(213)
NET BALANCE OF DEMAND TRANSACTIONS WITH CREDIT INSTITUTIONS		
Current accounts with overdrafts[(2)]	5,210	4,781
Demand accounts and loans	3,280	8,222
Demand accounts in credit	(18,800)	(22,518)
Demand repurchase agreements	(604)	(2,138)
Opening cash and cash equivalents	**8,341**	**(3,111)**
CASH AND NET BALANCE OF ACCOUNTS WITH CENTRAL BANKS		
Cash and net balance of accounts with central banks (assets)	11,678	19,743
Due to central banks (liabilities)	(13)	(488)
NET BALANCE OF DEMAND TRANSACTIONS WITH CREDIT INSTITUTIONS		
Current accounts with overdrafts[(2)]	4,552	5,210
Demand accounts and loans	15,540	3,280
Demand accounts in credit	(17,078)	(18,800)
Demand repurchase agreements	(1,182)	(604)
Closing cash and cash equivalents	**13,497**	**8,341**
NET CHANGE IN CASH AND CASH EQUIVALENTS	**5,156**	**11,452**

(1) Cash flows from or to the shareholders include:
- *the buy-back of preference shares for -€1,200 million;*
- *the buy-back of deeply subordinated notes recorded in equity for -€1,971 million;*
- *the impact of dividend payouts, amounting to -€341 million.*

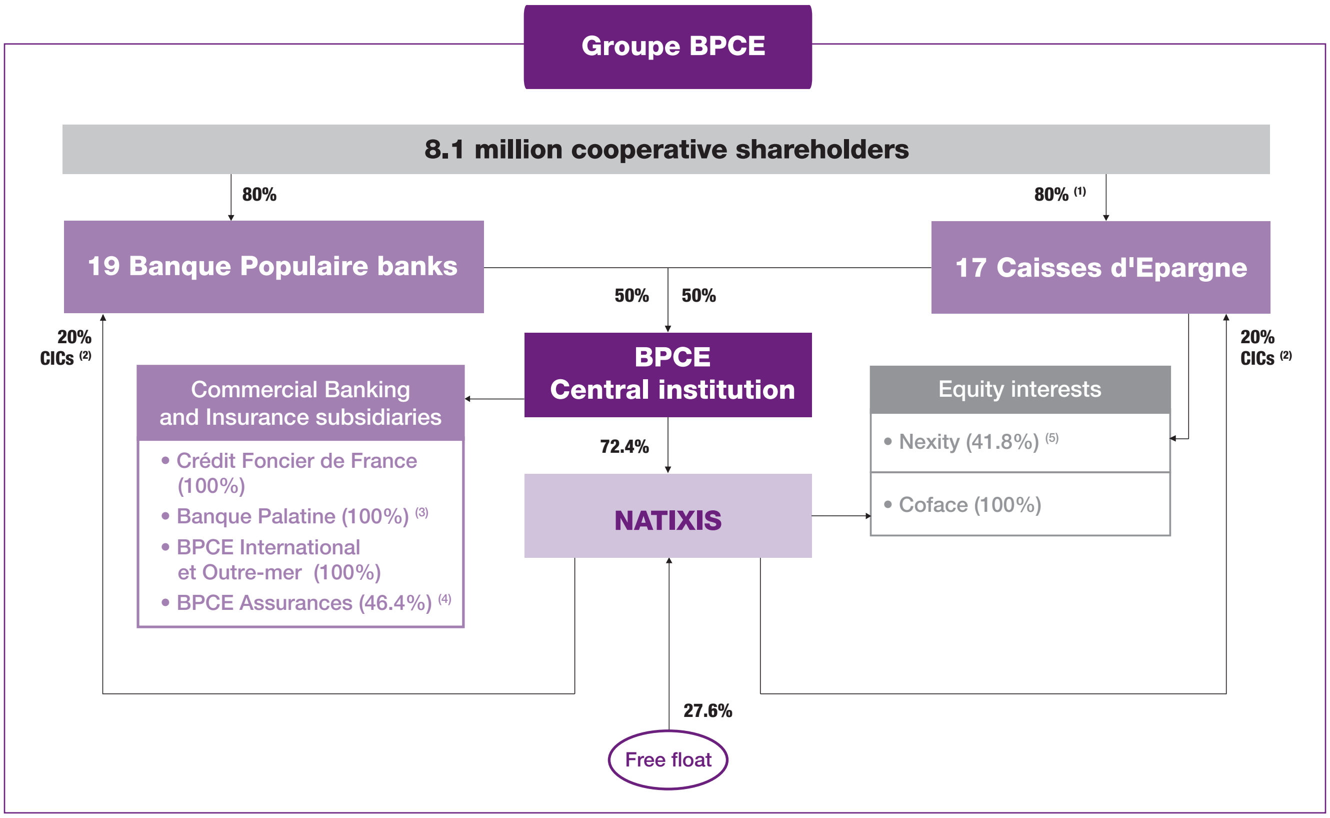
(2) Current accounts with overdraft do not include Livret A and LDD funds deposits re-assigned to the Caisse des dépôts et consignation

5.2.6 Notes to the financial statements of the BPCE SA group

Note 1 General background

1.1 GROUPE BPCE

The Groupe BPCE comprises the Banque Populaire network, the Caisse d'Epargne network, the BPCE central institution and its subsidiaries.



Commercial Banking and Insurance

CIB, Investment Solutions and Specialized Financial Services

(1) *Via the Local Savings Companies (LSCs)*
(2) *CICs: Cooperative Investment Certificates (economic interests, no voting rights)*
(3) *With Crédit Foncier de France's holding in Banque Palatine, the group holds 100% of this company*
(4) *With the Caisse d'Epargne's holding in BPCE, the group holds 100% of this company*
(5) *Via CE Holding Promotion*

The two banking networks: the Banque Populaire banks and the Caisses d'Epargne

The Groupe BPCE is a cooperative group whose shareholders own the two retail banking networks, the 19 Banque Populaire banks and the 17 Caisses d'Epargne. Each of the two networks owns an equal share in BPCE, the Group's central institution.

The Banque Populaire network consists of the Banque Populaire banks and the mutual guarantee companies granting them the exclusive benefit of their guarantees.

The Caisse d'Epargne network consists of the Caisses d'Epargne et de Prévoyance and the local savings companies.

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 local LSCs are cooperative structures with an open-ended share capital owned by cooperative shareholders. The LSCs are tasked with coordinating the cooperative shareholder base, in line with the general objectives defined by the individual Caisse d'Epargne to which they are affiliated and cannot perform banking transactions.

BPCE

BPCE, a central institution as defined by French banking law and a credit institution licensed to operate as a bank, was created pursuant to Law No. 2009-715 of June 18, 2009. BPCE was incorporated as a *société anonyme* with a Management Board and a Supervisory Board, whose share capital is owned jointly and equally by the 17 Caisses d'Epargne and the 19 Banque Populaire banks.

BPCE's corporate mission embodies the continuity of the cooperative principles underlying 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 is the head entity of the Group and holds the joint ventures between the two networks in retail banking, corporate banking and financial services, and their production units. It defines the Group's corporate strategy and growth and expansion policies.

BPCE's main subsidiaries are organized around three major segments:

- Natixis, a 72.4%-owned listed company that combines Corporate and Investment Banking, Investment Solutions and Specialized Financial Services;
- Commercial Banking and Insurance (including Crédit Foncier de France, Banque Palatine and BPCE International et Outre-mer);
- Subsidiaries and Equity interests.

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 refund 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.

1.2 GUARANTEE MECHANISM

Pursuant to Article L. 512-107 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 associates, 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 associates to the fund's initial capital endowment and reconstitution.

BPCE manages the funds for the Banque Populaire network and the Caisse d'Epargne et de Prévoyance network and has put in place the Mutual Guarantee Fund.

The **Banque Populaire network fund** was formed by a deposit made by the Banks (€450 million) that was booked by BPCE in the form of a 10-year time deposit which is indefinitely renewable.

The deposit made to the **fund for the Caisses d'Epargne et de Prévoyance network** by the Caisses (€450 million) was booked by BPCE in the form of a 10-year time deposit which is indefinitely renewable.

The **Mutual Guarantee Fund** has been formed by deposits made by the Banque Populaire banks and the Caisses d'Epargne. These deposits were booked by BPCE in the form of 10-year time deposits which are indefinitely renewable. The amount of the deposits was €219 million as of December 31, 2011, and the funds will be topped up each year by an amount equivalent to 5% of the contributions made by the Banque Populaire banks, the Caisses d'Epargne, and their subsidiaries to the Group's consolidated income.

The total amount of deposits made to BPCE in respect of the fund for the Banque Populaire network, the fund for the Caisse d'Epargne et de Prévoyance network and the Mutual Guarantee Fund may not be less than 0.15% and may not exceed 0.3% of the total weighted assets of the Group.

The booking of deposits in the establishments' individual accounts under the guarantee and solidarity system results in the recording of an item of an equivalent amount under a dedicated capital heading.

The mutual guarantee companies *(sociétés de caution mutuelle),* whose sole corporate purpose is to guarantee 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 Mutuel 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 et de Prévoyance which is the shareholder of the local savings company concerned.

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

1.3.1 Repayment of the French government for preference shares and deeply subordinated notes

In March 2011, BPCE redeemed €1,200 million in preference shares and proceeded with the redemption of €1,000 million in deeply subordinated notes held by the *Société de prise de participation de l'État* (SPPE), a 100% state-owned investment company. With the completion of these two transactions, BPCE has fully reimbursed the French state.

This operation resulted in a decrease of €2,220 million in equity attributable to equity holders of the parent for 2011.

1.3.2 Sale of FONCIA

On May 12, 2011, BPCE announced that it had entered into exclusive negotiations with a consortium including Bridgepoint and Eurazeo for the purpose of selling its 98% stake in Foncia. The transaction was concluded on July 26, 2011, for a total of €711 million.

It is reflected in the financial statements presented herein by:

- the removal of FONCIA from the scope of consolidation as of June 30, 2011;
- the proceeds of the transaction amounted to -€141 million, recognized as "Net gain or loss on other assets".

BPCE SA group's results for 2011 include the Foncia group's revenue for the first six months of 2011 (details provided in Note 12).

Furthermore, under the agreements signed with the consortium, BPCE SA group reinvested in the buyer's holding company in the form of equity and debt securities totaling €200 million.

1.3.3 Sale of CIH

On January 20, 2012, after obtaining administrative approval, the BPCE SA group finalized the sale of its indirect 23.8% interest in Crédit Immobilier et Hôtelier (CIH) to the Moroccan bank *Caisse de dépôts et de gestion* (CDG). This disposal is recognized in the consolidated financial statements at December 31, 2011.

1.3.4 Sovereign risk on certain European Union countries

Exposure amounts

Several euro area countries are facing economic difficulties and a crisis of confidence concerning their debt. Against this backdrop, in collaboration with the International Monetary Fund, the European Union put together support schemes for Greece (May 2010, July 2011 and October 2011, with the final terms agreed in February 2012), Ireland (November 2010) and Portugal (May 2011). The credit rating of other European countries including Spain and Italy also deteriorated significantly in 2011.

With respect to its banking activities, Groupe BPCE's exposure to the sovereign risk of these five countries as at December 31, 2011, presented using the method defined by the EBA (European Banking Authority), was the following:

in millions of euros	Banking book(1)				Trading book(2)		Total net exposures as at December 31, 2011	Total net exposures as at December 31, 2010
	Loans and receivables	Available-for-sale financial assets	Held-to-maturity financial assets	Financial assets designated at fair value	Direct exposures	Indirect exposures		
Greece	164	65	330	7	54	52	672	1,298
Ireland	0	112	0	0		15	127	274
Italy	736	983	0	6	195	4	1,924	2,127
Portugal	0	0	0	40	(15)	17	42	126
Spain	1	0	0	2	(67)	(8)	(72)	(121)
TOTAL	**901**	**1,160**	**330**	**55**	**167**	**80**	**2,693**	**3,704**

(1) Net book value of exposures at December 31, 2011, including a €906 million write-down on Greek securities.
(2) Fair value of long positions net of short positions.

With the exception of Greek debt, the reduction in which primarily reflects the write-down recorded in 2011, the reduction in sovereign exposures during the period corresponds to the disposal of assets in the "Available-for-sale financial assets" category.

The maturity dates of total net exposures in the banking book at December 31, 2011 are as follows:

in millions of euros	Remaining maturity						Total
	1 year	2 years	3 years	5 years	10 years	> 10 years	
Greece	100	34	12	(7)	66	467	672
Ireland	15	2	22	(24)	0	112	127
Italy	108	8	6	12	160	1,630	1,924
Portugal	82	6	(27)	(19)	0	0	42
Spain	51	(13)	(105)	(48)	28	15	(72)
TOTAL	**356**	**37**	**(92)**	**(86)**	**254**	**2,224**	**2,693**

The exposure of BPCE SA group's insurance activities to the sovereign risk of these five countries was as follows:

in millions of euros	12/31/2011	12/31/2010
Greece	171	768
Ireland	106	111
Italy	513	1,187
Portugal	96	380
Spain	174	363
TOTAL	**1,060**	**2,809**

These exposures are presented at their net book value after any impairment and are calculated without applying the rules governing profit sharing on life insurance portfolios.

Risk assessment on Greek sovereign debt and determination of fair value

The lack of market liquidity, particularly since the second quarter of 2011 on Greek government bonds, has led the Group to use a valuation model to determine their fair value.

In this respect, and in the absence of observable market prices on the lines held, and doubts on how the negotiated rescue package will be implemented, BPCE observed an aggregated decline in Greek securities in 2011 representing an average of 70% of the par value. This observation is consistent with estimates on the best possible outcome of the private sector's exceptional participation in the rescue package. In this particular case, a prudent valuation of the positive effect of credit enhancements attached to certain securities was also recognized.

These forecasts anticipate the exchange of a former security with a par value of 100 against European Financial Stability Facility securities (with a par value of around 15) and Greek government securities (with a par value of around 35), as well as a 50% loss in par value. Moreover, government-issued Greek securities are expected to pay a lower interest rate than that of the market, thus generating an additional loss in the current value.

Risk assessment on Portuguese, Irish, Spanish and Italian sovereign debt and determination of fair value

Regarding Irish, Portuguese, Spanish and Italian sovereign debt, there is currently no objective evidence that the collectability of future cash flows from these securities is impaired. Therefore, they do not have to be written down in respect of counterparty risk exposure.

For these securities, fair value is the market price observed on December 31, 2011.

1.4 SUBSEQUENT EVENTS

1.4.1 Sale of VBI

On February 15, 2012 BPCE announced it had sold its 24.5% interest in Volksbank International (excluding Volksbank Romania) to the Russian banking group Sberbank.

At December 31, 2011 this interest was valued using the terms of the sale (Note 5.11) and the disposal will therefore have no impact on results for 2012.

Note 2 Applicable accounting standards 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, 2011 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 STANDARDS

The standards and interpretations used and detailed in the annual financial statements as at December 31, 2011 were complemented by standards, amendments and interpretations for which application is mandatory for reporting periods starting from January 1, 2011, and, more specifically, the revisions to IAS 24 – Related-Party Disclosures, and to IFRIC 14 and IAS 19 – "The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction – Prepayments of a Minimum Funding Requirement."

The other standards, amendments and interpretations adopted by the European Union, application of which was mandatory in 2011, 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.

The Group has set up working groups to assess the financial and organizational implications and impact of IFRS 9, 10, 11 and 12.

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.

These estimates are 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 period ended December 31, 2011, the accounting estimates involving assumptions were mainly used for the following measurements:

- the fair value of financial instruments determined on the basis of valuation models (Note 4.1.6);
- the amount of impairment of financial assets, and more specifically permanent impairment losses on available-for-sale assets and impairment losses on an individual basis or calculated on the basis of portfolios (Note 4.1.7);
- provisions recorded under liabilities in the balance sheet and more specifically the provision for regulated home savings products (Note 4.5) and provisions for insurance contracts (Note 4.13);
- calculations related to the cost of pensions and future employee benefits (Note 4.10);
- deferred taxes (Note 4.12);
- goodwill impairment testing (Note 3.3.3).

2.4 PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND BALANCE SHEET DATE

As no specific format is required under IFRS, the presentation used by the Group for summarized statements follows Recommendation No. 2009 R.04 issued by the *Conseil national de la comptabilité* (CNC, the French national accounting board) on July 2, 2009.

The consolidated financial statements are based on the individual financial statements as at December 31, 2011 of the entities included in the scope of consolidation. The Group's consolidated financial statements as at December 31, 2011 were approved by the Management Board on February 20, 2012. They will be presented to the General Shareholders' Meeting on May 24, 2012.

(1) These standards are on display at the website of the European Commission at the following URL: http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm.

Note 3 Consolidation principles and methods

3.1 SCOPE OF CONSOLIDATION AND CONSOLIDATION METHODS

3.1.1 Control carried out by the Group

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 taken into account to calculate the percentage of ownership.

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 from the right to define financial and operational policy 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.

3.1.2 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.

3.2 SPECIAL PURPOSE ENTITIES

The Group consolidates special purpose entities (SPEs) formed specifically to manage a transaction or a group of transactions with similar characteristics – even if the Group has no Equity interest in the entity – when in substance they are controlled by the Group.

Control is established if, in substance:

- the activities of the SPE are 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; these powers may be delegated by the setting up of an "autopilot" mechanism;
- 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.

3.3 CONSOLIDATION RULES

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.

3.3.1 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 in force at the balance sheet date. Income and expense items are translated at the average exchange rate for the period, which is the approximate value of the transaction price if there are no significant fluctuations.

Foreign exchange rate adjustments 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 "Foreign exchange rate adjustments" and the portion attributable to minority shareholders under "Minority interests".

3.3.2 Elimination of intragroup transactions

The impact of intercompany transactions on the consolidated balance sheet and the income statement is eliminated on consolidation. Dividends, as well as gains and losses on intercompany asset disposals, are also eliminated. Where appropriate, capital losses resulting in impairment are maintained.

3.3.3 Business combinations

Transactions completed before January 1, 2010

All business combinations are accounted for by applying the purchase method, except business combinations involving two or more mutual entities or entities under joint control, as these transactions are explicitly excluded from the scope of the previous version of IFRS 3.

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 assets, liabilities and any liabilities at fair value. 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.

The marked-to-market value is defined as the fair value of the amount, less costs, 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.

Transactions completed after January 1, 2010

The treatments described are amended as follows by revised IFRS 3 and IAS 27:

- combinations between mutual entities are now included within the scope of IFRS 3;
- costs directly linked to business combinations are now recognized in income for the period;
- earnouts are now included in the acquisition cost at their fair value on the acquisition date, even if the earnouts are only potential. Depending on the settlement method, earnouts are recognized against:
  - capital and later price revisions will not be booked,
  - or debts and later adjustments are recognized against income (financial debts) or according to the appropriate standards (other debts outside the scope of IAS 39);
- on an entity's acquisition date, minority interests may be valued:
  - either at fair value (method resulting in the allocation of a share of the goodwill to minority interests),
  - or at their share in the fair value of the identifiable assets and liabilities of the entity acquired (method similar to that applicable to transactions prior to December 31, 2009).

The choice between these two methods must be made for each business combination.

Whatever method chosen when the acquisition is made, increases in the percentage stake in an entity already controlled will be systematically recognized in capital.

- When an entity is acquired, any share previously held by the Group must be revalued at fair value through profit or loss. Consequently, in the event of a step acquisition, the goodwill is determined by referring to the fair value at the acquisition date.
- When the Group loses control of a consolidated company, any share previously held by the Group must be revalued at fair value through profit or loss.

3.3.4 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 difference between this commitment and minority interests, which are the counterpart of debt, is recognized differently according to whether the commitments to buy out minority interests were concluded before January 1, 2010, which is when standards amended IFRS 3 and IAS 27 came into force (recognition in goodwill), or afterwards (recognition in capital).

Note 4 Accounting principles and measurement 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 calculation 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 comprises 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 and 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. Exceptions to the rule apply in the following cases:

- a significant deterioration in the issuer's credit quality;
- a change in tax regulations canceling or significantly reducing the tax exemption on interest earned on investments held to maturity;
- a major business combination or significant withdrawal of activity (sale of a sector, for example) requiring the sale or transfer of held-to-maturity investments in order to maintain the entity's existing situation in terms of interest rate risk or its credit risk policy;
- a change in legal or regulatory provisions significantly modifying either the definition of an eligible investment or the maximum amount of certain types of investment, requiring that the entity dispose of a held-to-maturity asset;
- a significant increase in capital requirements forcing the entity to restructure by selling held-to-maturity assets;
- a significant increase in the risk weighting of held-to-maturity assets in terms of prudential capital regulations.

In the exceptional cases described above, the income from the disposal is recorded under "Net gains or losses on available-for-sale financial assets".

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 and which are not quoted in an active market. In addition, these assets must not be exposed to a risk of material losses unrelated to a 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).

When a financial asset recorded under loans and receivables is sold before its maturity, the income from the disposal is recorded under "Net gains or losses on available-for-sale financial assets".

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.

On the closing date, they are carried at their fair value and changes in fair value are recorded under "Gains and losses recognized directly in equity" (except for foreign currency money market securities, for which changes in the fair value of the foreign currency component affect net income). 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 or similar income". Interest income accrued or received on variable-income securities is recorded under "Available-for-sale financial assets".

Date of recognition

Securities are recorded in 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 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.

Preference shares

Given the characteristics of these instruments, the preference shares issued by the Groupe BPCE SA and subscribed for by SPPE were recognized as equity.

4.1.4 Financial assets and liabilities 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)

Applying the option enables the elimination of accounting mismatches stemming from the application of different valuation rules to instruments managed in accordance with a single strategy; this accounting treatment applies in particular to certain structured loans granted to local authorities.

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 some structured debt issues containing material embedded derivatives.

4.1.5 Derivative financial 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 or as net investment hedges in foreign currency.

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 revaluation 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 revaluation 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 in the balance sheet in respect of the hedged item is amortized over the residual life of the initial hedge. If the hedged item is sold before maturity or redeemed early, the cumulative amount of the remeasurement 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 or 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 in future 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" instrument 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 instrument are identical to those of the hedged item. Effectiveness is then assessed by comparing the changes in value of the hypothetical instrument 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

Certain 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 revaluation of the hedged item are recorded in "Remeasurement adjustments on interest rate risk hedged portfolios".

The hedges are deemed effective if the derivatives offset the interest rate risk on the underlying fixed-rate portfolio.

Effectiveness is tested in two ways:

- asset-based testing: for plain-vanilla swaps designated as hedging instruments at inception, the Group verifies prospectively at the date the instrument is designated as a hedge and retrospectively at each balance sheet date 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 revaluation adjustment is amortized on a straight-line basis over the remaining term of the initial hedge, if the hedged item has not been derecognized. It is taken directly to income if the hedged item is no longer recorded in the balance sheet. In particular, derivatives used for macro-hedging may be disqualified for hedge accounting purposes when the nominal amount of the hedged items falls below the nominal amount of the hedging instruments, for example in the case of the prepayment of loans or the withdrawal of deposits.

HEDGING 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 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:

- the inputs 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.

Instruments measured using level 2 inputs include:

- mostly over-the-counter simple derivatives;
- securities not listed on an active market whose fair value is determined using observable market data (for example using market data for listed peers or the earnings multiple method);
- shares of UCITS whose NAV is not determined and published on a daily basis, but are subject to regular reporting or offer observable data from recent transactions;
- debt securities designated at fair value, mainly by Natixis, and to a lesser extent Crédit Foncier de France. The methodology used by Natixis to value the "issuer credit risk" component of issues designated at fair value is based on the discounting of future cash flows using directly observable inputs (yield curve, remeasurement adjustment, etc.). For each issue, this valuation represents the product of the notional amount outstanding and its sensitivity, taking into account the existence of calls and the difference between the revaluation adjustment (based on the BPCE cash ask curve at December 31, 2011 and the Natixis senior CDS curve at December 31, 2010) and the average issue spread.

Changes in the issuer spread are generally insignificant for issues with initial duration of less than one year.

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 instruments derived from securitization: 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 traded in active markets and instruments valued using accepted models drawing solely on observable market inputs are deemed to meet this condition.

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. These notably include:

- 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) provided 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 36 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. An impairment charge is recorded in the income statement if the Group determines that the value of the asset will not be recovered in its entirety.

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. Losses are recorded under "Net gains or losses on available-for-sale financial assets" and any subsequent increase in value is taken to equity until disposal of the securities.

Impairment losses are recognized on debt instruments such as bonds or securitized transactions when there is a known counterparty risk.

The Group uses the same impairment indicators for debt securities as those used for individually assessing the impairment risk on loans and receivables, irrespective of the portfolio to which the debt securities are ultimately designated. For perpetual deeply subordinated notes, particular attention is also paid if, under certain conditions, the issuer may be unable to pay the coupon or extend the issue beyond the scheduled redemption date.

In the event of an improvement in the issuer's financial position, impairment losses taken on debt instruments may be written back to the income statement. Impairment losses and write-backs are recorded in "Cost of risk".

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. On an individual level, the criteria for deciding whether or not a credit risk has been incurred include the existence of payments past due by more than three months (six months for real estate and nine months for loans to local authorities) or, independently of the existence of a missed payment, the existence of an incurred credit risk or litigious proceedings;
- 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 recoverable future cash flows 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 unimpaired outstandings on an individual basis. In accordance with standard IAS 39, these are grouped together in portfolios with similar credit risk characteristics that undergo a collective impairment test.

Outstandings are grouped together according to their sensitivity to changes in the risk based on the Group's internal ratings system. The portfolios subject to the impairment test are those relating to counterparties with ratings that have been significantly downgraded since granting, and which therefore are considered sensitive. These loans undergo impairment, although credit risk cannot be individually allocated to the different counterparties making up these portfolios, as the loans in question collectively show objective evidence of impairment.

The amount of impairment is determined based on historical data on the probability of default at maturity and the expected losses, adjusted, if necessary, to take into account the prevailing circumstances at the balance sheet date.

This approach may also be supplemented by an industry or geographical analysis generally 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 at maturity across the identified population.

4.1.8 Reclassifications of financial assets

Several types of reclassification are authorized:

Reclassifications authorized prior to the amendments to IAS 39 and IFRS 7 adopted by the European Union on October 15, 2008

These notably include "Available-for-sale financial assets" reclassified as "Held-to-maturity financial assets".

Any fixed-income security with a set maturity date defined as "Held-to-maturity financial assets" may be reclassified if the Group changes its management strategy and decides to hold the security to maturity. The Group must also have the ability to hold this instrument to maturity.

Reclassifications authorized since the amendments to IAS 39 and IFRS 7 adopted by the European Union on October 15, 2008

These standards define the terms for reclassifying 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 generally 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 in 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.

If all the conditions for derecognizing a financial asset are not met, the Group keeps the asset in the balance sheet and records a liability representing the obligations arising when the asset is transferred.

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 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 certain insurance entities, which recognize the property they hold 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 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 property 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;
- 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. 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 which the timing or amount is uncertain, but which can be reliably estimated. They correspond to current obligations (legal or implicit), resulting from a past event, and for which the outflow of resources will probably be necessary to settle them.

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.

Movements in provisions are recognized in the income statement on the line items corresponding to the nature of future expenditure.

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 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 banking 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 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. Non-monetary assets 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 by 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 is for the major part of the economic life of the asset;
- 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 (capital loss on the asset, etc.);
- gains or losses from the change in the fair value of the residual 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 present value of the minimum lease payments receivable by the lessor plus the non-guaranteed 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.

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 consists in allocating 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 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.

4.10.4 Post-employment benefits

Post-employment benefits include lump-sum retirement bonuses, pensions and other post-employment benefits.

These benefits can be broken down 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 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, 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 profit-sharing 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 profit-sharing features.

The discretionary profit-sharing 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 profit-sharing 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 profit-sharing 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 profit-sharing 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 profit-sharing 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 completion 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 consolidated balance sheet

5.1 FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets and liabilities at fair value through profit or loss comprise instruments held for trading, including derivatives, and certain assets and liabilities that the Group has chosen to recognize at fair value, 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 and 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.

	12/31/2011			12/31/2010		
in millions of euros	Trading	Fair value option	Total	Trading	Fair value option	Total
Treasury bills and similar securities	15,339	40	15,379	11,091	641	11,732
Bonds and other fixed-income securities	13,373	3,046	16,419	16,743	2,619	19,362
Fixed-income securities	**28,712**	**3,086**	**31,798**	**27,834**	**3,260**	**31,094**
Equities and other variable-income securities	**10,004**	**11,161**	**21,165**	**13,950**	**11,500**	**25,451**
Loans to credit institutions	2,616	640	3,256	3,126	874	4,000
Loans to customers	672	3,287	3,959	1,058	4,229	5,287
Loans	**3,288**	**3,927**	**7,215**	**4,184**	**5,103**	**9,287**
Repurchase agreements and other financial liabilities		**57,370**	**57,370**		**11,938**	**11,938**
Trading derivatives	**117,203**	**////**	**117,203**	**83,843**	**////**	**83,843**
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	**159,207**	**75,544**	**234,751**	**129,811**	**31,801**	**161,612**

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	1,207	2	1,876	3,085
Equities and other variable-income securities	8,801	2,360		11,161
Loans and repurchase agreements	3,576	57,684	38	61,298
TOTAL AS AT 12/31/2011	**13,584**	**60,046**	**1,914**	**75,544**

Financial assets accounted for under the fair value option mainly concern certain contracts for structured loans to local authorities and structured bonds hedged by derivatives not designated as hedging instruments, assets containing embedded derivatives and 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 also 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

The statement below shows the portion of fair value attributable to credit risk for loans and receivables recorded under the fair value option. When purchases of protection were made in connection with loan arrangements, the fair value of linked credit derivatives is also stated.

in millions of euros	12/31/2011 Exposure to credit risk	12/31/2011 Related credit derivatives	12/31/2011 Change in fair value attributable to credit risk	12/31/2011 Change in fair value of related credit derivatives	12/31/2010 Exposure to credit risk	12/31/2010 Related credit derivatives	12/31/2010 Change in fair value attributable to credit risk	12/31/2010 Change in fair value of related credit derivatives
Loans to credit institutions	640				874			
Loans to customers	3,287		(37)		4,229		(73)	
TOTAL	**3,927**	**0**	**(37)**	**0**	**5,103**	**0**	**(73)**	**0**

5.1.2 Financial liabilities 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	12/31/2011	12/31/2010
Repurchase agreements	26,560	25,735
Other financial liabilities	1,836	2,115
Financial liabilities held for trading	**28,396**	**27,850**
Trading derivatives	**115,222**	**80,850**
Interbank term accounts and loans	2,511	2,978
Customer term accounts and loans	58	94
Debt securities	21,830	41,314
Subordinated debt	86	86
Repurchase agreements	61,712	7,671
Other financial liabilities	19	22
Financial liabilities designated at fair value	**86,216**	**52,165**
TOTAL FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS	**229,834**	**160,865**

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	2,511			2,511
Customer term accounts and loans	44		14	58
Debt securities	16,983	23	4,824	21,830
Subordinated debt			86	86
Repurchase agreements and other liabilities		61,731		61,731
TOTAL AS AT 12/31/2011	**19,538**	**61,754**	**4,924**	**86,216**

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 de France.

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 also 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

	12/31/2011				12/31/2010			
in millions of euros	Fair value	Contractual amount due to maturity	Difference	Difference attributable to credit risk	Fair value	Contractual amount due to maturity	Difference	Difference attributable to credit risk
Interbank term accounts and loans	2,511	2,331	180		2,978	2,819	159	
Customer term accounts and loans	58	63	(5)		94	15	79	
Debt securities	21,830	22,257	(427)	(819)	41,314	41,577	(263)	(531)
Subordinated debt	86	100	(14)	(22)	86	102	(16)	(16)
Repurchase agreements and other liabilities	61,731	61,735	(4)		7,693	7,693		
TOTAL	**86,216**	**86,486**	**(270)**	**(841)**	**52,165**	**52,206**	**(41)**	**(547)**

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.

Adjustments attributable to own credit risk (valuation of the issuer spread) amounted to €841 million (€547 million at December 31, 2010), including a positive impact on net banking income for the period of €295 million (€4 million in 2010).

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 or negative fair values are equal to the replacement value of these instruments, which may fluctuate significantly in response to changes in market data.

	12/31/2011			12/31/2010		
in millions of euros	Notional amount	Positive fair value	Negative fair value	Notional amount	Positive fair value	Negative fair value
Interest-rate instruments	4,245,865	78,866	75,096	4,350,370	59,464	53,908
Equity instruments	15,035	9	124	18,004		169
Foreign-exchange instruments	626,758	20,161	20,176	490,625	8,223	8,551
Other instruments	306,356	104	387	280,694	182	74
Futures and forwards	**5,194,014**	**99,140**	**95,783**	**5,139,693**	**67,869**	**62,702**
Interest-rate instruments	1,187,074	343	1,508	1,198,815	173	1,669
Equity instruments	33,127	3,768	3,726	102,815	3,715	3,733
Foreign-exchange instruments	155,908	570	1,305	179,743	713	1,390
Other instruments	137,776	278	174	383,335	388	339
Options	**1,513,885**	**4,959**	**6,713**	**1,864,708**	**4,989**	**7,131**
Credit derivatives	**425,986**	**13,104**	**12,726**	**755,238**	**10,985**	**11,017**
TOTAL TRADING DERIVATIVES	**7,133,885**	**117,203**	**115,222**	**7,759,639**	**83,843**	**80,850**

5.2 HEDGING DERIVATIVES

Derivatives may only be designated as hedges if they meet the criteria set out in IAS 39 at inception and throughout the term of the hedge. These criteria include formal documentation that the hedging relation between the derivatives and the hedged items is both prospectively and retrospectively effective.

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 and deposits. Cash flow hedging is also used to manage the overall interest rate risk position.

	12/31/2011			12/31/2010		
in millions of euros	Notional amount	Positive fair value	Negative fair value	Notional amount	Positive fair value	Negative fair value
Interest-rate instruments	496,697	7,971	5,731	476,169	4,924	4,092
Foreign-exchange instruments	22,462	2,851	3,409	21,301	2,075	2,428
Futures and forwards	**519,159**	**10,822**	**9,140**	**497,470**	**6,999**	**6,520**
Interest-rate instruments	7,530	87		7,880	150	
Options	**7,530**	**87**		**7,880**	**150**	
Fair value hedges	**526,689**	**10,909**	**9,140**	**505,350**	**7,149**	**6,520**
Interest-rate instruments	11,483	76	232	6,219	130	204
Foreign-exchange instruments	520		21	503		22
Futures and forwards	**12,003**	**76**	**253**	**6,722**	**130**	**226**
Interest-rate instruments				538		
Options				**538**		
Cash flow hedges	**12,003**	**76**	**253**	**7,260**	**130**	**226**
Credit derivatives	**1,231**		**1**	**1,299**		**7**
TOTAL HEDGING INSTRUMENTS	**539,923**	**10,985**	**9,394**	**513,909**	**7,279**	**6,753**

5.3 AVAILABLE-FOR-SALE FINANCIAL ASSETS

These are non-derivative financial assets that could 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	12/31/2011	12/31/2010
Treasury bills and similar securities	8,993	7,323
Bonds and other fixed-income securities	35,211	25,902
Impaired securities	193	265
Fixed-income securities	**44,397**	**33,490**
Equities and other variable-income securities	**8,911**	**9,595**
Loans to credit institutions	1	1
Loans to customers	69	61
Loans	**70**	**62**
Available-for-sale financial assets, gross	**53,378**	**43,147**
Impairment of doubtful loans and receivables	(138)	(158)
Permanent impairment of equities and other variable-income securities	(1,905)	(1,615)
TOTAL AVAILABLE-FOR-SALE ASSETS, NET	**51,335**	**41,374**
Gains and losses recognized directly in equity on available-for-sale financial assets (before tax)	**(1,147)**	**135**

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 36-month period constitutes evidence of impairment.

These indicators were improved in 2010 with no material impact.

At December 31, 2011 gains and losses recorded directly in equity include an unrealized loss of €1,220 million on fixed-income securities and an unrealized loss of €84 million on variable-income securities[1]. The unrealized losses on variable-income securities mainly relate to unlisted securities, and €43 million relate to securities showing an unrealized loss for less than 6 months.

(1) Excluding insurance securities, given the deferred profit-sharing mechanism.

5.4 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

5.4.1 Fair value hierarchy of financial assets and liabilities

The following statement provides a breakdown of financial instruments by type of price and valuation model:

	12/31/2011				12/31/2010			
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**	**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	24,474	8,418	5,824	38,716	24,419	8,756	8,609	41,784
Derivatives	1,553	113,374	2,276	117,203	1,348	80,551	1,944	83,843
Other financial assets	61	3,227		3,288	257	3,927		4,184
Financial assets held for trading	**26,088**	**125,019**	**8,100**	**159,207**	**26,024**	**93,234**	**10,553**	**129,811**
Securities	10,459	2,776	1,012	14,247	11,227	2,865	668	14,760
Other financial assets		60,395	902	61,297		15,552	1,489	17,041
Financial assets designated at fair value through profit or loss	**10,459**	**63,171**	**1,914**	**75,544**	**11,227**	**18,417**	**2,157**	**31,801**
Hedging derivatives	**5**	**10,980**		**10,985**	**2**	**7,178**	**99**	**7,279**
Investments in associates	189	563	1,926	2,678	618	505	1,548	2,671
Other securities	32,612	14,902	1,075	48,589	32,294	4,277	2,069	38,640
Other financial assets		41	27	68		32	31	63
Available-for-sale financial assets	**32,801**	**15,506**	**3,028**	**51,335**	**32,912**	**4,814**	**3,648**	**41,374**
FINANCIAL LIABILITIES								
Securities	26,025	939		26,964	24,952	808	552	26,312
Derivatives	2,127	112,951	144	115,222	1,417	79,342	91	80,850
Other financial liabilities	7	1,425		1,432	7	1,531		1,538
Financial liabilities held for trading	**28,159**	**115,315**	**144**	**143,618**	**26,376**	**81,681**	**643**	**108,700**
Securities		83,627		83,627		49,072		49,072
Other financial liabilities		851	1,738	2,589	2	1,052	2,039	3,093
Financial liabilities designated at fair value through profit or loss		**84,478**	**1,738**	**86,216**	**2**	**50,124**	**2,039**	**52,165**
Hedging derivatives	**10**	**9,369**	**11**	**9,390**	**16**	**6,692**	**44**	**6,753**

5.4.2 Analysis of assets and liabilities classified in Level 3 of the fair value hierarchy

in millions of euros	01/01/2011	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	Reclassification from and to levels 1 and 2	Other changes	12/31/2011
FINANCIAL ASSETS								
Securities	8,610	205		569	(4,408)		848	5,824
Derivatives	1,943	275			(194)	(10)	262	2,276
Other financial assets								
Financial assets held for trading	**10,552**	**480**		**569**	**(4,602)**	**(10)**	**1,110**	**8,100**
Securities	668	804		2,208	(1,616)	(904)	(148)	1,012
Other financial assets	1,489	12		11	(704)	(2)	96	902
Financial assets designated at fair value through profit or loss	**2,157**	**816**		**2,219**	**(2,320)**	**(906)**	**(52)**	**1,914**
Hedging derivatives	**99**					**(99)**		
Investments in associates	1,548	(41)	1	573	(155)			1,926
Other securities	2,069	18	(87)	132	(840)	(199)	(17)	1,075
Other financial assets	31		1	2	(3)	(2)	(2)	27
Available-for-sale financial assets	**3,648**	**(23)**	**85**	**707**	**(998)**	**(201)**	**(19)**	**3,028**
FINANCIAL LIABILITIES								
Securities	552						(552)	
Derivatives	91	(3)					56	144
Other financial liabilities								
Financial liabilities held for trading	**644**	**(3)**					**(496)**	**144**
Securities	2,039	12		40	(353)			1,738
Financial liabilities designated at fair value through profit or loss	**2,039**	**12**		**40**	**(353)**			**1,738**
Hedging derivatives	**44**						**(34)**	**11**

5.4.3 Sensitivity of Level 3 assets and liabilities to changes in the principal assumptions

The sensitivity of the fair value of instruments valued based on non-observable parameters was assessed at December 31, 2011. With the help of likely assumptions, this sensitivity is used to estimate the effects of market fluctuations caused by an unstable economic environment. This estimate was made based on:

- a "standardized[(1)]" change in non-observable parameters for fixed-income and equity instruments. The sensitivity calculated is €3 million;
- a fixed charge:
  - a 10% increase or decrease in the estimated loss rates on underlying assets used to model the valuation of ABS CDO tranches,
  - or a 1% increase or decrease for CLO underlyings,
  - or a 10% increase or decrease of the loan-to-value inputs on which the calculation of the CMBS collateral loss rate is based.

The sensitivity impact would result in an improvement in value of €52 million, should the parameters mentioned above improve, or a decrease in value of €56 million, should the parameters degrade.

(1) i.e. the standard deviation of consensus prices used to measure the inputs (TOTEM, etc).

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	12/31/2011	12/31/2010
Loans and receivables due from credit institutions repayable on demand	167,349	183,593
Specific impairment	(256)	(247)
Impairment on a portfolio basis	(7)	(39)
TOTAL LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS, GROSS	**167,086**	**183,307**

The fair value of loans and advances to banks amounted to €162,808 million at December 31, 2011 (€181,980 million at December 31, 2010).

Breakdown of gross loans and receivables due from credit institutions

in millions of euros	12/31/2011	12/31/2010
Current accounts with overdrafts	4,882	5,535
Repurchase agreements	20,502	41,159
Loans and advances	136,309	129,696
Finance leases	3	4
Subordinated and participating loans	2,922	3,583
Securities classified as loans and receivables	2,417	3,268
Impaired loans and receivables	314	348
TOTAL LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS, GROSS	**167,349**	**183,593**

5.5.2 Loans and receivables due from customers

in millions of euros	12/31/2011	12/31/2010
Loans and receivables due from customers	249,655	265,031
Specific impairment	(3,549)	(3,529)
Impairment on a portfolio basis	(859)	(1,087)
TOTAL LOANS AND RECEIVABLES DUE FROM CUSTOMERS	**245,247**	**260,415**

The fair value of loans and receivables due from customers was €242,157 million at December 31, 2011 (€259,717 million at December 31, 2010).

Breakdown of loans and receivables due from customers

in millions of euros	12/31/2011	12/31/2010
Current accounts with overdrafts	**7,097**	**8,567**
Loans to financial sector customers	4,953	5,651
Short-term credit facilities	32,393	35,321
Equipment loans	26,749	26,683
Home loans	61,547	59,748
Export credits	3,342	3,139
Other loans	20,824	20,785
Repurchase agreements	22,038	33,109
Subordinated loans	80	89
Other facilities to customers	**171,926**	**184,525**
Securities classified as loans and receivables	**42,739**	**44,208**
Other loans and receivables due from customers	**18,862**	**18,718**
Impaired loans and receivables	**9,031**	**9,013**
TOTAL LOANS AND RECEIVABLES DUE FROM CUSTOMERS, GROSS	**249,655**	**265,031**

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.

	Carrying amount		Fair value	
in millions of euros	12/31/2011	12/31/2010	12/31/2011	12/31/2010
ASSETS RECLASSIFIED TO:				
Available-for-sale financial assets	367	407	367	407
Loans and receivables	18,237	20,501	16,552	19,754
TOTAL SECURITIES RECLASSIFIED	**18,604**	**20,908**	**16,919**	**20,161**

Change in fair value which would have been recognized if the securities had not been reclassified

in millions of euros	Fiscal year 2011	Fiscal year 2010
CHANGE IN FAIR VALUE		
– that would have been recognized in income if the securities had not been reclassified	(130)	243
– that would have been recognized in gains and losses recognized directly in equity if the securities had not been reclassified	(751)	(96)

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.

in millions of euros	12/31/2011	12/31/2010
Treasury bills and similar securities	1,153	2,564
Bonds and other fixed-income securities	3,486	3,588
Gross amount of held-to-maturity financial assets	**4,639**	**6,152**
Impairment	(13)	(1)
TOTAL HELD-TO-MATURITY FINANCIAL ASSETS	**4,626**	**6,151**

The fair value of held-to-maturity financial assets amounted to €4,780 million at December 31, 2011 (€5,942 million at December 31, 2010).

5.8 DEFERRED TAXES

Deferred taxes on temporary differences arise from the recognition of the items listed in the statement below (positive figures indicate deferred tax assets, while negative figures in brackets represent deferred tax liabilities):

in millions of euros	12/31/2011	12/31/2010
Unrealized capital gains on mutual funds	10	5
Fiscal EIGs	(191)	(215)
Provisions for employee-related liabilities	115	131
Provisions for regulated home savings products	3	3
Impairment on a portfolio basis	66	59
Other non-deductible provisions	902	974
Changes in fair value of financial instruments recorded in equity	501	316
Other sources of temporary differences	(368)	(386)
Deferred taxes related to timing differences	**1,038**	**886**
Deferred taxes arising on the capitalization of tax loss carryforwards	**3,896**	**3,972**
Deferred taxes on consolidation adjustments and eliminations	**(413)**	**(497)**
Unrecognized deferred taxes	**(1,358)**	**(1,296)**
NET DEFERRED TAXES	**3,163**	**3,065**
Deferred taxes recognized		
As assets on the balance sheet	3,540	3,855
As liabilities on the balance sheet	(377)	(789)

5.9 ACCRUED INCOME AND OTHER ASSETS

in millions of euros	12/31/2011	12/31/2010
Collection accounts	3,586	2,126
Prepaid expenses	194	273
Accrued income	316	633
Other accruals	2,984	4,926
Accrual accounts – assets	**7,080**	**7,958**
Security deposits paid	2,465	1,945
Settlement accounts in debit on securities transactions	351	797
Reinsurers' share of technical reserves	5,187	1,913
Other debtors	25,781	21,774
Other assets	**33,784**	**26,429**
TOTAL ACCRUED INCOME AND OTHER ASSETS	**40,864**	**34,387**

5.10 DEFERRED PROFIT-SHARING

in millions of euros	12/31/2011	12/31/2010
Deferred profit sharing – assets	837	
Deferred profit sharing – liabilities	7	105
TOTAL DEFERRED PROFIT SHARING[(1)]	**(830)**	**105**
including deferred profit sharing recognized in equity for full consolidation	144	(400)

(1) By convention, deferred profit-sharing is shown as a negative figure when it is an asset.

The change in deferred profit-sharing during 2011 was due to the sharp decline in the markets and the trend in credit spreads on debt instruments.

5.11 INVESTMENTS IN ASSOCIATES

The Group's main investments in associates are as follows:

in millions of euros	12/31/2011	12/31/2010
CNP Assurances (group)	1,554	1,560
Volksbank International AG	104	294
Socram Banque	63	61
Banque BCP SAS	45	41
Banque Populaire bank and Caisse d'Epargne CICs	10,546	10,208
Equity interests in the Natixis group	41	72
Crédit Immobilier Hôtelier		115
Others	51	57
Financial sector companies	**12,404**	**12,408**
Maisons France Confort P-I	106	100
Others	12	141
Non-financial companies	**118**	**241**
TOTAL INVESTMENTS IN ASSOCIATES	**12,522**	**12,649**

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 €321,011 million, revenues of €29,919 million and net income of €872 million for fiscal 2011.

5.12 INVESTMENT PROPERTY

	12/31/2011			12/31/2010		
in millions of euros	Cost	Accumulated depreciation and impairment	Net	Cost	Accumulated depreciation and impairment	Net
Property recognized at fair value	//////	//////	851	//////	//////	640
Property recognized at historical cost	1,016	(428)	588	1,091	(428)	663
TOTAL INVESTMENT PROPERTY			**1,439**			**1,303**

The fair value of investment properties came to €1,757 million at December 31, 2011 (€1,549 million at December 31, 2010).

5.13. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

	12/31/2011			12/31/2010		
in millions of euros	Cost	Accumulated depreciation and impairment	Net	Cost	Accumulated depreciation and impairment	Net
PROPERTY, PLANT & EQUIPMENT						
Land and buildings	880	(445)	435	1,017	(418)	599
Equipment, furniture and other property, plant and equipment	1,858	(992)	866	1,531	(953)	578
TOTAL PROPERTY, PLANT AND EQUIPMENT	**2,738**	**(1,437)**	**1,301**	**2,548**	**(1,371)**	**1,177**
INTANGIBLE ASSETS						
Leasehold rights	88	(28)	60	304	(24)	280
Software	1,442	(900)	542	1,387	(839)	548
Other intangible assets	576	(264)	312	959	(296)	663
TOTAL INTANGIBLE ASSETS	**2,106**	**(1,192)**	**914**	**2,650**	**(1,159)**	**1,491**

5.14 GOODWILL

Changes in the year

in millions of euros	Fiscal year 2011
Opening net value	**3,624**
Acquisitions	81
Disposals	(693)
Impairment	(87)
Foreign exchange rate adjustments	35
Other changes	(12)
Closing net value	**2,948**

As at December 31, 2011, the gross value of goodwill amounted to €3,478 million, with impairment totaling €530 million.

Breakdown of goodwill

	Carrying amount	
in millions of euros	12/31/2011	12/31/2010
– Investment Solutions	2,198	2,117
– Specialized Financial Services	58	61
– Coface	485	528
– Other	25	25
Natixis	**2,766**	**2,731**
Foncia		**689**
Banque Palatine	**95**	**95**
– Banco Primus		37
– Crédit Foncier Immobilier	13	13
Crédit Foncier	**13**	**50**
BPCE IOM	**69**	**54**
Other	**4**	**5**
TOTAL GOODWILL	**2,948**	**3,624**

Impairment tests

In accordance with applicable regulations, each goodwill item was tested for impairment based on the value in use of cash generating units (CGUs) to which they are linked.

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 for the main CGUs. The following assumptions were used:

	Discount rate	Long-term growth rate
Natixis		
– *Investment Solutions*	*9.8%*	*2.5%*
– *Specialized Financial Services*	*11.0%*	*2.5%*
– *Coface*	*10.0%*	*2.5%*
– *Other*	*10.9%*	*2.5%*

As a result of these tests, the Group booked an impairment loss of €43 million on the Coface "non core" CGU for 2011, taking the total amount of this goodwill to €138 million after impairment. The tests also led to the write-down of all the goodwill on the on Banco Primus (€30 million), Banque Tuniso-Koweitienne and BM Madagascar (€14 million within BPCE IOM group).

No impairment losses would be booked on Natixis' core businesses (Corporate and Investment Banking, Investment Solutions and Specialized Financial Services) should the discount rate increase by 20 basis points and the perpetuity growth rate decrease by 50 basis points.

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	12/31/2011	12/31/2010
Demand deposits	17,227	18,800
Repurchase agreements and other liabilities	1,198	604
Accrued interest	15	10
Amounts due to credit institutions	**18,440**	**19,414**
Term deposits and loans	126,483	91,082
Repurchase agreements and other liabilities	17,055	42,421
Accrued interest	820	648
Amounts due to credit institutions – repayable at agreed maturity dates	**144,358**	**134,151**
TOTAL AMOUNTS DUE TO CREDIT INSTITUTIONS	**162,798**	**153,565**

The fair value of amounts due to credit institutions was €158,730 million as at December 31, 2011 (€154,896 million at December 31, 2010).

5.15.2 Amounts due to customers

in millions of euros	12/31/2011	12/31/2010
Current accounts in credit	**19,066**	**13,261**
Livret A savings accounts	252	191
Regulated home savings products	458	474
Other regulated savings accounts	1,912	1,921
Accrued interest	23	17
Regulated savings accounts	**2,645**	**2,603**
Demand deposits and loans	4,766	12,078
Term deposits and loans	16,690	15,846
Accrued interest	106	147
Other customer accounts	**21,562**	**28,071**
Demand accounts	4,916	6,734
Term accounts	11,379	24,749
Accrued interest	20	2
Repurchase agreements and other liabilities	**16,315**	**31,485**
Other amounts due to customers	**1,624**	**2,026**
TOTAL AMOUNTS DUE TO CUSTOMERS	**61,212**	**77,446**

Term deposits notably include €2,206 million in borrowings subscribed for by the SFEF (Société de financement de l'économie française) *vs.* €3,339 million at December 31, 2010.

The fair value of amounts due to customers came to €60,946 million as at December 31, 2011 (€77,717 million as at December 31, 2010).

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	12/31/2011	12/31/2010
Bonds	148,579	147,277
Interbank market instruments and money market securities	60,730	73,154
Other debt securities	371	54
Total	**209,680**	**220,485**
Accrued interest	**2,702**	**2,529**
TOTAL DEBT SECURITIES	**212,382**	**223,014**

The fair value of debt securities was €209,865 million at December 31, 2011 (€220,950 million at December 31, 2010).

5.17 ACCRUED EXPENSES AND OTHER LIABILITIES

in millions of euros	12/31/2011	12/31/2010
Collection accounts	3,402	2,506
Prepaid income	556	641
Accounts payable	1,176	1,778
Other accruals	5,391	5,938
Accrual accounts – liabilities	**10,525**	**10,863**
Settlement accounts in credit on securities transactions	439	522
Other payables	23,383	17,893
Other liabilities	**23,822**	**18,415**
TOTAL ACCRUED EXPENSES AND OTHER LIABILITIES	**34,347**	**29,278**

5.18 TECHNICAL RESERVES OF INSURANCE COMPANIES

in millions of euros	12/31/2011	12/31/2010
Technical reserves of non-life insurance companies	**3,236**	**2,790**
Technical reserves of life insurance companies in euros	32,475	31,675
Technical reserves of life insurance companies in unit-linked accounts	5,926	5,918
Technical reserves of life insurance companies	**38,401**	**37,593**
Technical reserves of investment contracts	**12**	**14**
Unrealized deferred profit sharing	**7**	**105**
TOTAL OF INSURANCE COMPANIES' TECHNICAL RESERVES	**41,656**	**40,502**

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 profit-sharing represents the portion of income from participating insurance contracts in the form of a cumulative amount allocated to policyholders and not yet distributed.

5.19 PROVISIONS

Provisions chiefly concern employee benefit obligations and risks on home savings products.

in millions of euros	01/01/2011	Increase	Use	Reversals unused	Other movements[(1)]	12/31/2011
Provisions for employee benefit obligations	**544**	**140**	**(107)**	**(18)**	**18**	**577**
Provisions for regulated home savings products	6	2		(1)		7
Provisions for off-balance sheet commitments	732	94	(7)	(67)	12	764
Provisions for contingencies on real estate development projects		1				1
Provisions for restructuring costs	34	14	(20)	(3)	(3)	22
Provisions for claims and litigation	238	172	(34)	(78)	(12)	286
Others	439	149	(76)	(121)	(22)	369
Other provisions	**1,449**	**432**	**(137)**	**(270)**	**(25)**	**1,449**
TOTAL PROVISIONS	**1,993**	**572**	**(244)**	**(288)**	**(7)**	**2,026**

(1) *The -€7 million in other movements included €23 million related to currency translation, -€28 million in changes in the scope of consolidation and -€25 million in reclassifications of provisions to asset items.*

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	12/31/2011	12/31/2010
Term subordinated debt	11,407	13,476
Perpetual subordinated debt	125	161
Mutual guarantee deposits	4	10
Sub-total	**11,536**	**13,647**
Accrued interest	**222**	**233**
Revaluation of the hedged component	**351**	**332**
TOTAL SUBORDINATED DEBT	**12,109**	**14,212**

Movements in subordinated debt during the year

in millions of euros	01/01/2011	Issuance	Redemption	Other movements	12/31/2011
Term subordinated debt	13,476		(2,089)	20	11,407
Perpetual subordinated debt	161			(36)	125
Mutual guarantee deposits	10			(6)	4
Accrued interest	233	////	////	(11)	222
Revaluation of the hedged component	332	////	////	19	351
TOTAL	**14,212**	**0**	**(2,089)**	**(14)**	**12,109**

Deeply subordinated notes qualifying as equity instruments are presented in Note 5.21.2.

5.21 ORDINARY SHARES AND EQUITY INSTRUMENTS ISSUED

5.21.1 Preference shares

The French government purchased Category C shares issued by BPCE SA in July 2009 for a total of €3,000 million. In 2010, BPCE bought back €1,800 million in its own preference shares. As at December 31, 2011, the preference shares subscribed for by the French government had been bought back in their entirety.

5.21.2 Deeply subordinated notes classified as equity attributable to the parent company

Issuing entity	Issue date	Currency	Amount (in original currency)	Date of call option	Date of interest step-up	Rate	Nominal *(in millions of euros)* 12/31/2011	12/31/2010
BPCE	11/26/2003	EUR	471 million	07/30/2014	07/30/2014	5.25%	471	800
BPCE	07/30/2004	USD	200 million	03/30/2011	none	Min (10-year CMT 0.3%; 9%)	154	150
BPCE	10/06/2004	EUR	368 million	07/30/2015	07/30/2015	4.63%	369	700
BPCE	10/12/2004	EUR	80 million	01/12/2011	none	Min (10-year CMS; 7%)	80	80
BPCE	01/27/2006	USD	300 million	01/27/2012	none	6.75%	231	224
BPCE	02/01/2006	EUR	350 million	02/01/2016	02/01/2016	4.75%	350	350
BPCE	10/30/2007	EUR	509 million	10/30/2017	10/30/2017	6.12%	509	850
BPCE	06/26/2009	EUR		06/26/2014	none		0	1,000
BPCE	08/06/2009	EUR	52 million	09/30/2015	none	13.00%	52	52
BPCE	08/06/2009	EUR	374 million	09/30/2019	09/30/2019	12.50%	374	374
BPCE	08/06/2009	USD	134 million	09/30/2015	none	13.00%	103	100
BPCE	08/06/2009	USD	444 million	09/30/2019	09/30/2019	12.50%	342	332
BPCE	10/22/2009	EUR	750 million	04/22/2015	none	9.25%	750	750
BPCE	03/17/2010	EUR	818 million	03/17/2015	03/17/2015-03/15/2020	9.00%	818	1,000
TOTAL							**4,603**	**6,762**

5.22 CHANGE IN GAINS AND LOSSES RECOGNIZED DIRECTLY IN EQUITY

in millions of euros	Fiscal year 2011	Fiscal year 2010
Foreign exchange rate adjustments	167	268
Change in the value of available-for-sale financial assets	(753)	(447)
Change in value over the period affecting equity	*(970)*	*(781)*
Change in value over the period affecting net income	*217*	*334*
Change in the value of hedging derivatives	(14)	137
Taxes	244	193
Share of gains and losses recognized directly in the equity of associates	(66)	(8)
GAINS AND LOSSES RECOGNIZED DIRECTLY IN EQUITY (AFTER TAX)	**(422)**	**143**
Attributable to equity holders of the parent	(393)	(23)
Minority interests	(29)	166

	Fiscal year 2011			Fiscal year 2010		
in millions of euros	Gross	Taxes	Net	Gross	Taxes	Net
Foreign exchange rate adjustments	167	////	167	268	////	268
Change in the value of available-for-sale financial assets	(753)	219	(534)	(447)	186	(261)
Change in the value of hedging derivatives	(14)	25	11	137	7	144
Share of gains and losses recognized directly in the equity of associates	////	////	(66)	////	////	(8)
TOTAL GAINS AND LOSSES RECOGNIZED DIRECTLY IN EQUITY			**(422)**			**143**
Attributable to equity holders of the parent			(393)			(23)
Minority interests			(29)			166

Note 6 Notes to the income statement

6.1 INTEREST AND SIMILAR INCOME AND EXPENSE

This line item comprises interest income and expense, calculated using the effective interest method, on financial assets and liabilities measured at amortized cost, which include interbank and customer items, held-to-maturity assets, debt securities and subordinated debt.

It also includes interest receivable on fixed-income securities classified as available-for-sale financial assets and hedging derivatives, 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 year 2011			Fiscal year 2010		
in millions of euros	Income	Expense	Net	Income	Expense	Net
Loans and receivables due from customers	7,891	(874)	7,017	7,022	(596)	6,426
Loans and receivables due from credit institutions	4,393	(3,401)	992	3,443	(2,928)	515
Finance leases	491		491	509		509
Debt securities and subordinated debt	////	(6,224)	(6,224)	////	(5,864)	(5,864)
Hedging derivatives	4,372	(4,457)	(85)	3,862	(3,721)	141
Available-for-sale financial assets	1,348		1,348	1,247		1,247
Held-to-maturity financial assets	301		301	322		322
Impaired financial assets	23		23	37		37
Other interest income and expense	11	(49)	(38)	118	(30)	88
TOTAL INTEREST INCOME AND EXPENSE	**18,830**	**(15,005)**	**3,825**	**16,560**	**(13,139)**	**3,421**

6.2 FEE AND COMMISSION INCOME AND EXPENSES

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 year 2011			Fiscal year 2010		
in millions of euros	Income	Expense	Net	Income	Expense	Net
Cash and interbank transactions	7	(31)	(24)	3	(32)	(29)
Customer transactions	781	(32)	749	735	(35)	700
Financial services	374	(489)	(115)	438	(480)	(42)
Sales of life insurance products	173		173	142		142
Payment services	375	(99)	276	299	(108)	191
Securities transactions	179	(122)	57	233	(121)	112
Trust management services	1,837		1,837	1,882		1,882
Financial instruments and off-balance sheet transactions	128	(173)	(45)	156	(74)	82
Other fees and commissions	328	(563)	(235)	341	(522)	(181)
TOTAL FEE AND COMMISSION INCOME AND EXPENSE	**4,182**	**(1,509)**	**2,673**	**4,229**	**(1,372)**	**2,857**

6.3 NET GAINS OR LOSSES 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 revaluation of derivatives used as fair value hedges, as well as gains and losses from the revaluation of the hedged item in the same manner, the revaluation at fair value of the macro-hedged portfolio and the ineffective portion of cash flow hedges.

in millions of euros	Fiscal year 2011	Fiscal year 2010
Gains and losses on financial instruments held for trading	1,793	2,119
Gains and losses on financial instruments designated at fair value through profit or loss	226	80
Gains and losses on hedging transactions	(1,006)	111
Gains and losses on foreign-exchange transactions	117	44
TOTAL NET GAIN OR LOSS ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS	**1,130**	**2,354**

Day-one profit

in millions of euros	Fiscal year 2011	Fiscal year 2010
Day one profit at the start of the year	65	133
Deferred profit on new transactions	5	22
Profit recognized in income during the year	(14)	(90)
Other changes	(7)	0
DAY-ONE PROFIT AT YEAR-END	**49**	**65**

6.4 NET GAINS OR LOSSES ON AVAILABLE-FOR-SALE FINANCIAL ASSETS

This item includes dividends from variable-income securities, gains and losses on the sale of available-for-sale financial assets and impairment losses recognized on variable-income securities due to a permanent impairment in value.

in millions of euros	Fiscal year 2011	Fiscal year 2010
Gains or losses on disposals	277	(30)
Dividends received	289	261
Permanent impairment of variable-income securities	(428)	(444)
TOTAL NET GAINS OR LOSSES ON AVAILABLE-FOR-SALE FINANCIAL ASSETS	**138**	**(213)**

In 2011, for listed equity securities, permanent impairment on variable-income securities[1] includes €81 million in additional impairment on securities already written down and €3 million recognized before the indicators defined in note 5.3 had been reached, as the Group considered that a permanent impairment should be recorded. The automatic application of these criteria gave rise to no material impairment in 2011.

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 year 2011			Fiscal year 2010		
in millions of euros	Income	Expense	Net	Income	Expense	Net
Income and expense on insurance activities	**5,196**	**(4,537)**	**659**	**5,215**	**(5,492)**	**(277)**
Income and expense from real estate activities	**3**	**(3)**	**0**	**2**	**(1)**	**1**
Income and expense from leasing transactions	**94**	**(95)**	**(1)**	**42**	**(48)**	**(6)**
Income and expense from investment property	**134**	**(69)**	**65**	**151**	**(52)**	**99**
Share of joint ventures	30	(100)	(70)	44	(102)	(58)
Transfers of expenses and income	12	(54)	(42)	45	(79)	(34)
Other operating income and expense	1,105	(419)	686	1,655	(504)	1,151
Additions to and reversals from provisions to other operating income and expense	89	(42)	47	34	(62)	(28)
Other banking income and expense	**1,236**	**(615)**	**621**	**1,778**	**(747)**	**1,031**
TOTAL INCOME AND EXPENSE FROM OTHER ACTIVITIES	**6,663**	**(5,319)**	**1,344**	**7,188**	**(6,340)**	**848**

Income and expense on insurance activities

The statement 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.

The Group's consolidated companies that present their financial statements based on the insurance company model are Natixis Assurances, BPCE Assurances, Muracef, Surassur, Prépar Vie, Prépar Iard and Coface.

(1) Excluding insurance securities, given the deferred profit-sharing mechanism.

in millions of euros	Banking format 2011 Net banking income	Banking format 2011 General operating expenses	Banking format 2011 Gross operating income	Banking format 2011 Cost of risk	Insurance format 2011	Insurance format 2010
Earned premiums	6,081		6,081		6,081	6,606
Revenue or income from other activities	278		278		278	437
Other operating income	13		13		13	43
Net financial income before finance costs	342	(9)	333	(103)	230	1,553
TOTAL REVENUES	**6,714**	**(9)**	**6,705**	**(103)**	**6,602**	**8,639**
Claims and benefits expenses	(4,817)	(81)	(4,898)		(4,898)	(7,325)
Net income from reinsurance disposals	29		29		29	400
Policy acquisition costs	(437)	(159)	(596)		(596)	(544)
Administrative expenses	(210)	(309)	(519)		(519)	(441)
Other operating income and expenses/recurring	(60)	(229)	(289)	(8)	(297)	(458)
TOTAL OTHER RECURRING INCOME AND EXPENSE	**(5,495)**	**(778)**	**(6,273)**	**(8)**	**(6,281)**	**(8,368)**
OPERATING INCOME	**1,219**	**(787)**	**432**	**(111)**	**321**	**271**

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) are 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 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 year 2011	Fiscal year 2010
Personnel costs	**(3,818)**	**(3,973)**
Taxes other than on income	(225)	(177)
External services	(2,180)	(2,323)
Other administrative costs	**(2,405)**	**(2,500)**
TOTAL OPERATING EXPENSES	**(6,223)**	**(6,473)**

The breakdown of personnel costs is provided in Note 8.1.

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 year 2011	Fiscal year 2010
Interbank transactions	(53)	(34)
Customer transactions	(1,186)	(1,347)
Other financial assets	(68)	(111)
Off-balance sheet commitments	(233)	(63)
Additions to impairment losses and provisions	**(1,540)**	**(1,555)**
Interbank transactions	78	70
Customer transactions	1,475	1,318
Other financial assets	20	159
Off-balance sheet commitments	74	212
Reversals from impairment losses and provisions	**1,647**	**1,759**
Losses on irrecoverable interbank loans and receivables	(57)	(42)
Losses on irrecoverable customer loans and receivables	(708)	(486)
Losses on other financial assets	(1,371)	(233)
Losses on irrecoverable loans and receivables	**(2,136)**	**(761)**
Recoveries of loans and receivables previously written off	**358**	**31**
COST OF RISK	**(1,671)**	**(526)**

6.8 SHARE OF NET INCOME/(LOSS) OF ASSOCIATES

in millions of euros	Fiscal year 2011	Fiscal year 2010
CNP Assurances (group)	128	156
Banque BCP SAS	4	3
Volksbank International AG	(190)	(1)
Banque Populaire bank and Caisse d'Epargne CICs	576	474
Equity interests in the Natixis group	18	26
Socram Banque	4	2
Crédit Immobilier Hôtelier	5	2
Others	1	3
Financial sector companies	**546**	**665**
Maisons France Confort P-I	5	4
Others	3	16
Non-financial companies	**8**	**20**
SHARE OF NET INCOME OF ASSOCIATES	**554**	**685**

6.9 NET GAIN OR LOSS 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 year 2011	Fiscal year 2010
Gains or losses on disposals of property, plant and equipment and intangible assets used in operations	13	(26)
Gains or losses on disposals of consolidated investments	(146)	(63)
TOTAL NET GAINS OR LOSSES ON OTHER ASSETS	**(133)**	**(89)**

In 2011, gains and losses on other assets notably include the impact of the following transactions:

- sale of Foncia securities (-€141 million);
- sale of CIH (-€32 million).

In 2010, gains and losses on the disposal of consolidated investments notably included the impact of the following transactions:

- sale of Société Marseillaise de Crédit (-€79 million);
- sale of Crédit Foncier Communal d'Alsace-Lorraine (+€30 million);
- sale of private equity activities (-€28 million).

6.10 CHANGE IN THE VALUE OF GOODWILL

in millions of euros	Fiscal year 2011
Banco Primus	(30)
Banque Tuniso-Koweitienne	(12)
BM Madagascar	(2)
Coface "non core"	(43)
TOTAL CHANGE IN THE VALUE OF GOODWILL	**(87)**

No impairment loss was recorded in 2010.

6.11 INCOME TAX

in millions of euros	Fiscal year 2011	Fiscal year 2010
Current income tax expense	(51)	196
Deferred tax assets and liabilities	(293)	(609)
INCOME TAX	**(344)**	**(413)**

Reconciliation between the tax charge in the financial statements and the theoretical tax charge

in millions of euros	Fiscal year 2011	Fiscal year 2010
Net income attributable to equity holders of the parent	402	1,565
Change in the value of goodwill	87	
Share of minority interests in consolidated companies	433	451
Share of net income/(loss) of associates	(554)	(685)
Income taxes	344	413
INCOME BEFORE TAX AND CHANGES IN THE VALUE OF GOODWILL	**712**	**1,744**
Standard income tax rate in France	**34.4%**	**34.4%**
Impact of the change in unrecognized deferred taxes	10.1%	(12.5%)
Impact of permanent differences	(1.9%)	1.5%
Reduced rate of tax and tax-exempt activities	(0.8%)	(0.6%)
Difference in tax rates on income taxed outside France	1.8%	(0.2%)
Temporary step-up of corporate tax	(1.8%)	
Tax on prior periods, tax credits and other tax	2.8%	(1.7%)
Other items	3.8%	2.8%
EFFECTIVE TAX RATE (INCOME TAX EXPENSE DIVIDED BY TAXABLE INCOME)	**48.3%**	**23.7%**

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 authorities, 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.

Since January 1, 2008, the Order of February 20, 2007, issued by the French Ministry of the Economy and Industry, has 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	12/31/2011	12/31/2010
Equity attributable to equity holders of the parent	21,571	25,146
Minority interests	5,280	4,892
Issues of hybrid Tier-1 instruments	5,694	6,854
Prudential restatements (including goodwill and intangible assets)	(8,317)	(12,013)
Tier-1 capital before deductions	**24,228**	**24,879**
Tier-2 capital before deductions	**9,039**	**11,240**
Capital deductions	**(8,145)**	**(8,770)**
including deductions from Tier-1 capital	*(2,043)*	*(2,341)*
including deductions from Tier-2 capital	*(2,043)*	*(2,341)*
including deductions from total capital	*(4,059)*	*(4,088)*
REGULATORY CAPITAL	**25,122**	**27,349**

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.

In 2011, the BPCE SA group complied with these solvency ratio requirements.

7.2 CREDIT RISK AND COUNTERPARTY RISK

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 statement 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	Net outstandings at 12/31/2011	Net outstandings at 12/31/2010
Financial assets at fair value through profit or loss (excluding variable-income securities)	213,586	136,161
Hedging derivatives	10,985	7,279
Available-for-sale financial assets (excluding variable-income securities)	44,329	33,395
Loans and receivables due from credit institutions	167,086	183,307
Loans and receivables due from customers	245,247	260,415
Held-to-maturity financial assets	4,626	6,151
Exposure to balance sheet commitments	**685,859**	**626,708**
Financial guarantees given	140,651	141,632
Off-balance sheet commitments	108,068	105,444
Exposure to off-balance sheet commitments	**248,719**	**247,076**
TOTAL CREDIT RISK EXPOSURE	**934,578**	**873,784**

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	01/01/2011	Charges	Reversals	Other changes	12/31/2011
Available-for-sale financial assets	158	29	(15)	(34)	138
Interbank transactions	287	53	(78)	1	263
Customer transactions	4,615	1,186	(1,475)	82	4,408
Held-to-maturity financial assets	1			12	13
Other financial assets	184	39	(5)	(28)	191
Impairment losses recognized in assets	**5,245**	**1,307**	**(1,573)**	**33**	**5,013**
Provisions for off-balance sheet commitments	**732**	**233**	**(74)**	**(127)**	**764**
TOTAL IMPAIRMENT AND PROVISIONS FOR CREDIT RISK	**5,977**	**1,540**	**(1,647)**	**(94)**	**5,777**

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 overdraft 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 statement below do not include past due amounts resulting from the time 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	Non-impaired loans and receivables with past due payment ≤ 90 days	> 90 days and ≤ 180 days	> 180 days and ≤ 1 year	> 1 year	Net outstandings	Total outstandings
Debt instruments					137	137
Loans and advances	1,246	365	406	797	5,541	8,355
Other financial assets	1					1
TOTAL AT 12/31/2011	**1,247**	**365**	**406**	**797**	**5,678**	**8,493**

in millions of euros	Non-impaired loans and receivables with past due payment ≤ 90 days	> 90 days and ≤ 180 days	> 180 days and ≤ 1 year	> 1 year	Net outstandings	Total outstandings
Debt instruments					107	107
Loans and advances	2,412	421	411	666	5,585	9,495
TOTAL AT DECEMBER 31, 2010	**2,412**	**421**	**411**	**666**	**5,692**	**9,602**

7.2.5 Restructured loans and receivables

The statement 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	12/31/2011	12/31/2010
Loans and receivables due from credit institutions	12	19
Loans and receivables due from customers	798	706
TOTAL RESTRUCTURED LOANS	**810**	**725**

7.2.6 Credit risk mitigation mechanisms: assets obtained by taking possession of collateral

The following statement 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	12/31/2011	12/31/2010
Property, plant & equipment	1	1
Investment property		6
TOTAL ASSETS OBTAINED BY TAKING POSSESSION OF COLLATERAL	**1**	**7**

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

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.

Assets and liabilities by residual maturity

in millions of euros	Less than 3 months	From 3 months to 1 year	From 1 to 5 years	More than 5 years	Perpetual	12/31/2011
Due to central banks	13					13
Trading derivatives	115,222	////	////	////	////	115,222
Other financial liabilities at fair value through profit or loss	71,670	7,953	18,422	16,567		114,612
Hedging derivatives	1,022	254	631	7,487		9,394
Amounts due to credit institutions	62,129	10,002	68,195	22,469	3	162,798
Amounts due to customers	51,636	4,018	3,584	1,972	2	61,212
Debt securities	49,869	33,926	58,175	70,412		212,382
Remeasurement adjustments on interest-rate risk hedged portfolio	1,431	////	////	////	////	1,431
Subordinated debt	414	248	4,838	6,484	125	12,109
Financial liabilities by maturity	**353,406**	**56,401**	**153,845**	**125,391**	**130**	**689,173**
Financing commitments given to credit institutions	2,819	23,443	2,335	1,043		29,640
Financing commitments given to customers	25,713	24,168	24,037	5,084	190	79,192
Financing commitments given	**28,532**	**47,611**	**26,372**	**6,127**	**190**	**108,832**
Guarantees given to credit institutions	234	625	1,017	12,155	4	14,035
Guarantees given to customers	2,174	10,382	36,944	74,409	585	124,494
Guarantees given	**2,408**	**11,007**	**37,961**	**86,564**	**589**	**138,529**

Note 8 Employee benefits

8.1 PERSONNEL COSTS

in millions of euros	Fiscal year 2011	Fiscal year 2010
Wages and salaries	(2,567)	(2,702)
Costs of defined-contribution plans	(218)	(268)
Other social security costs and payroll-based taxes	(923)	(853)
Profit-sharing and incentive plans	(110)	(150)
TOTAL PERSONNEL COSTS	**(3,818)**	**(3,973)**

8.2 EMPLOYEE BENEFITS

The Groupe BPCE grants its staff a variety of employee benefits:

- for the Banque Populaire banks: 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;
- for the Caisses d'Epargne: 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 retained benefits plan is considered as a fund providing long-term employee benefits;
- 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 in the balance sheet

	12/31/2011			12/31/2010		
in millions of euros	Pension obligations	Other obligations	Total	Pension obligations	Other obligations	Total
Present value of funded obligations	1,052	156	1,208	1,017	141	1,158
Fair value of plan assets	(513)	(1)	(514)	(532)	(1)	(533)
Fair value of reimbursement rights	(39)		(39)	(52)		(52)
Present value of unfunded obligations	7	7	14			
Unrecognized actuarial gains and losses	(143)		(143)	(84)		(84)
Unrecognized past service cost	(43)		(43)	(47)	(1)	(48)
NET AMOUNT RECORDED ON THE BALANCE SHEET	**321**	**162**	**483**	**302**	**139**	**441**
Employee benefit obligations recorded on the balance sheet	358	162	520	350	139	489
Plan assets recorded on the balance sheet	37		37	48		48

On January 1, 2010, the CAR became an employee benefits savings 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.

Since December 31, 2008, as a result of the pension reform known as the *loi Fillon*, the CGRCE (a supplementary pension scheme managing a private pension fund on behalf of Group personnel of the Caisse d'Epargne network) has merged with Prévoyance des Caisses d'Epargne (CGP), an employee benefits savings institution and member of Ecureuil Protection Sociale (EPS).

8.2.2 Change in amounts recognized on the balance sheet

in millions of euros	12/31/2011 Pension obligations	12/31/2011 Other commitments	12/31/2011 Total	12/31/2010 Pension obligations	12/31/2010 Other commitments	12/31/2010 Total
Projected benefit obligation at start of year	1,017	141	1,158	910	65	975
Service cost	21	91	112	20	54	74
Interest cost	31	3	34	41	3	44
Benefits paid	(38)	(94)	(132)	(38)	(6)	(44)
Actuarial gains and losses	72	2	74	3	(6)	(3)
Past service cost				12		12
Other (foreign exchange adjustments, changes for the year)	(44)	20	(24)	69	31	100
Projected benefit obligation at end of year	**1,059**	**163**	**1,222**	**1,017**	**141**	**1,158**
Fair value of plan assets at start of year	(532)	(1)	(533)	(462)	1	(461)
Expected return on plan assets	(23)		(23)	(21)		(21)
Plan participant contributions	(24)		(24)	(26)		(26)
Benefits paid	15		15	18		18
Actuarial gains and losses during the fiscal year	(9)		(9)	(1)		(1)
Other (foreign exchange adjustments, changes for the year)	60		60	(40)	(2)	(42)
Fair value of plan assets at end of year	**(513)**	**(1)**	**(514)**	**(532)**	**(1)**	**(533)**
Fair value of reimbursement rights at start of year	(52)		(52)	(19)		(19)
Expected return on reimbursement rights	(2)		(2)	(2)		(2)
Contributions paid or received						
Benefits paid	4		4	3		3
Actuarial gains and losses during the fiscal year	2		2	2		2
Other (foreign exchange adjustments, changes for the year)	9		9	(36)		(36)
Fair value of reimbursement rights at end of year	**(39)**		**(39)**	**(52)**		**(52)**
Net obligation	**507**	**162**	**669**	**433**	**140**	**573**
Unrecognized actuarial gains and losses	(143)		(143)	(84)		(84)
Unrecognized past service cost	(43)		(43)	(47)	(1)	(48)
NET AMOUNT RECORDED ON THE BALANCE SHEET	**321**	**162**	**483**	**302**	**139**	**441**

At December 31, 2011, the assets of the CGP scheme amounted to €4.9 billion after the transfer of the remaining units in the ER1 mutual fund as of December 1, 2011. As a result there were no longer any redemption rights on Caisses d'Epargne's books at December 31, 2011.

At December 31, 2011, the assets covering the pension plans broke down as follows:

- for the Banques Populaires pension plan: 61% in bonds, 32% in equities and 7% in money-market assets;
- for the Caisses d'Epargne pension plan: 86% in bonds, 6% in equities and 8% 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

For the CAR (Banque Populaire banks), actuarial gains and losses derive chiefly from changes in actuarial assumptions.

For the CGP (Caisses d'Epargne regime), the experience adjustments break down as follows:

in millions of euros	12/31/2011	12/31/2010
Present value of funded obligations (1)	98	91
Fair value of plan assets (2)	(96)	(102)
NET AMOUNT RECORDED ON THE BALANCE SHEET	**2**	**(11)**
Experience adjustments to plan liabilities – gains/(losses) as a % of (1)	0.44%	4.10%
Experience adjustments to plan assets – gains/(losses) as a % of (2)	0.16%	2.00%

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".

in millions of euros	12/31/2011 Pension obligations	12/31/2011 Other commitments	12/31/2011 Total	12/31/2010 Pension obligations	12/31/2010 Other commitments	12/31/2010 Total
Service cost	21	91	112	20	54	74
Interest cost	31	3	34	41	3	44
Expected return on hedging assets	(23)		(23)	(21)		(21)
Expected return on reimbursement rights	(2)		(2)	(2)		(2)
Actuarial gains and losses and service cost	5		5	4	(3)	1
Exceptional events	5		5	4		4
TOTAL COST OF DEFINED-BENEFIT PLANS	**37**	**94**	**131**	**46**	**54**	**100**

8.3 SHARE-BASED PAYMENTS

The main equity-settled plans are presented below.

Natixis share subscription option plans

Natixis plans	Number of options granted	Total number of options in issue	Option strike price (in euros)	Share price at date of grant (in euros)
2007 plan	15,398,922	12,352,340	14.38	21.97
2008 plan	7,576,800	4,236,501	8.27	10.63

The related expenses for the period amount to €2 million (versus €13 million for 2010).

Other share-based payment plans for the Natixis group

Each year since 2010, a share-based payment plan has been awarded to certain categories of staff in accordance with regulations.

Regarding the plans approved in February 2012, as the allocations were not formally completed on the closing date, the cost assessment was based on the best possible estimate of the inputs on the balance sheet date, both in terms of the share value and dividend assumptions.

Long-term payment plan settled in cash and indexed to the natixis share price

Settlement is subject to presence and performance conditions.

Year of plan	Grant date	Number of units granted at inception*	Vesting dates	Number of units vested by the beneficiaries	Fair value of indexed cash unit at the valuation date (in euros)
2010 plan	02/24/2010	13,990,425	March 2011	4,663,475	-
			March 2012		1.92
			March 2013		1.67
2011 plan	02/22/2011	5,360,547	September 2012	////	1.71
			September 2013	////	1.46
			September 2014	////	1.21
2012 plan	February 2012	5,827,818	September 2013	////	1.46
			September 2014	////	1.22
			October 2015	////	0.99

* *The likely number of units at the acquisition date is covered by equity swaps.*

Short-term payment plan settled in cash and indexed to the natixis share price

Year of plan	Grant date	Vesting date	Valuation of indexed cash unit (in euros)	Number of indexed cash units granted at inception	Number of probable indexed cash units at acquisition date	Fair value of indexed cash unit at the valuation date (in euros)
2012 plan	February 2012	September 2012	1.94	11,574,785	11,231,033	1.89

The expense associated with the short-term plan, estimated based on the probability of the presence condition being met, is fully recognized in the 2011 financial statements in the amount of €28 million.

Share-Based Payment Plans

Settlement is subject to presence and performance conditions.

Year of plan	Grant date	Number of units granted at inception	Vesting dates	Number of units vested by the beneficiaries	Bonus share price at date of grant (in euros)	Fair value of bonus share on valuation date (in euros)
			March 2011	2,082,623		3.31
2010 plan	02/24/2010	6,858,237	March 2012		3.63	3.17
			March 2013			2.82
			February 2012	////		3.44
2011 plan	02/22/2011	6,459,081	February 2013	////	4.13	3.29
			February 2014	////		2.89
			March 2013	////		1.68
2012 plan	February 2012	7,633,647	March 2014	////	1.94	1.43
			March 2015	////		1.19

Expense for the period corresponding to employee retention and performance plans

Expense *in millions of euros*	Fiscal year 2011			Fiscal year 2010
	Plans settled in shares	Plans settled in cash indexed on Natixis shares	Total	
Prior loyalty plans	12	1	13	37
Loyalty plans from the fiscal year	6	2	8	
TOTAL	**18**	**3**	**21**	**37**

Valuation inputs used to assess the expense relative to these plans

Share price as at December 31, 2011*(in euros)*	1.94€
Risk-free interest rate	0.63%
Dividend distribution rate	9.83%
Loss of rights rate	4.40%

Note 9 Segment reporting

The accounting conventions used to prepare the BPCE SA financial statements for fiscal 2011 are described in Note 3 "Consolidation principles and methods".

The BPCE SA group is based on its two core businesses:

Commercial Banking and Insurance, including:

- the Banque Populaire 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 and the Caisses d'Epargne, held by Natixis;
- Real Estate Financing, the results of which predominantly reflect the contribution of the Crédit Foncier group;
- Insurance, International and the Other networks, chiefly comprising the Group's interest in CNP Assurances, BPCE Assurances, international and overseas subsidiaries (including BPCE IOM) and Banque Palatine.

Corporate and Investment Banking, Investment Solutions 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;
- Investment Solutions, with asset management, life insurance and private banking and the private equity business;
- Specialized Financial Services, which comprise the Factoring, Leasing, Consumer Finance, Sureties and Guarantees, Employee Benefits Planning, Payments and Securities Services businesses.

Equity interests is the third business segment, consisting of the Group's stakes in MeilleurTaux, along with Natixis' interests in Coface and the Natixis Private Equity activity.

Workout portfolio management and Other businesses notably include:

- the contribution of Natixis' Workout portfolio management business and the run-off management of the former CNCE's proprietary trading and delegated management businesses;
- the contribution made by the Group's central institution and holding companies, and of the activities sold (Foncia and Eurosic) or in the process of being sold (Volksbank International AG excluding Volksbank Romania);
- the write-down of Greek sovereign debt securities;
- adjustments to own debt;
- items related to goodwill impairment and the amortization of valuation differences, as these items form part of the Group's acquisition and investment strategy.

Note that the sector data presented for 2010 have been restated, notably for:

- the post-sale reclassification of Foncia and Eurosic from the Equity interests segment to the Workout portfolio management and Other businesses segment;
- the reclassification of Volksbank International excluding Volksbank Romania from the Commercial Banking and Insurance segment (Insurance, International and Other networks sub-division) to the Workout portfolio management and Other businesses segment;
- the reclassification of Volksbank Romania from the Commercial Banking and Insurance segment (Insurance, International and Other networks sub-division) to the Equity interests segment.

9.1 SEGMENT ANALYSIS OF THE CONSOLIDATED INCOME STATEMENT

Results by division

	Commercial Banking and Insurance		CIB, Investment Solutions and SFS		Core businesses		Equity interests		Workout portfolio management and Other businesses		BPCE SA group	
in millions of euros	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Net banking income	1,832	1,821	5,795	5,890	7,627	7,711	844	856	639	700	9,110	9,267
Operating expenses	(1,254)	(1,199)	(3,831)	(3,762)	(5,085)	(4,961)	(781)	(768)	(728)	(1,179)	(6,594)	(6,908)
Gross operating income	**578**	**622**	**1,964**	**2,128**	**2,542**	**2,750**	**63**	**88**	**(89)**	**(479)**	**2,516**	**2,359**
Cost/income ratio	*68.4%*	*65.8%*	*66.1%*	*63.9%*	*66.7%*	*64.3%*	*92.5%*	*89.7%*	*ns*	*ns*	*72.4%*	*74.5%*
Cost of risk	(252)	(228)	(183)	(278)	(435)	(506)	(34)	(34)	(1,202)	14	(1,671)	(526)
Operating income/(loss)	**326**	**394**	**1,781**	**1,850**	**2,107**	**2,244**	**29**	**54**	**(1,291)**	**(465)**	**845**	**1,833**
Share of income/(loss) of associates	723	670	14	19	737	689	(115)	6	(68)	(10)	554	685
Net gains or losses on other assets	(16)	34	2	16	(14)	50	(6)	(20)	(113)	(119)	(133)	(89)
Change in the value of goodwill									(87)		(87)	
Income/(loss) before tax	**1,033**	**1,098**	**1,797**	**1,885**	**2,830**	**2,983**	**(92)**	**40**	**(1,559)**	**(594)**	**1,179**	**2,429**
Income tax	(121)	(132)	(531)	(492)	(652)	(624)	(37)	(41)	345	252	(344)	(413)
Minority interests	(185)	(168)	(378)	(420)	(563)	(588)	(4)	(4)	134	141	(433)	(451)
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	**727**	**798**	**888**	**973**	**1,615**	**1,771**	**(133)**	**(5)**	**(1,080)**	**(201)**	**402**	**1,565**

Results of the Commercial Banking and Insurance sub-division

in millions of euros	Banque Populaire bank and Caisse d'Epargne CICs		Real Estate Financing		Insurance, International and Other networks		Commercial Banking and Insurance	
	2011	2010	2011	2010	2011	2010	2011	2010
Net banking income			875	864	957	957	1,832	1,821
Operating expenses			(623)	(548)	(631)	(651)	(1,254)	(1,199)
Gross operating income			**252**	**316**	**326**	**306**	**578**	**622**
Cost/income ratio			*71.2%*	*63.4%*	*65.9%*	*68.0%*	*68.4%*	*65.8%*
Cost of risk			(148)	(97)	(104)	(131)	(252)	(228)
Operating income/(loss)			**104**	**219**	**222**	**175**	**326**	**394**
Share of income/(loss) of associates	575	500	5	4	143	166	723	670
Net gains or losses on other assets			16	34	(32)	0	(16)	34
Income/(loss) before tax	**575**	**500**	**125**	**257**	**333**	**341**	**1,033**	**1,098**
Income tax			(34)	(54)	(87)	(78)	(121)	(132)
Minority interests	(158)	(142)	(1)	(2)	(26)	(24)	(185)	(168)
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	**417**	**358**	**90**	**201**	**220**	**239**	**727**	**798**

Results of the Corporate and Investment Banking, Investment Solutions and Specialized Financial Services sub-division

in millions of euros	CIB		Investment Solutions		SFS		CIB, Investment Solutions and SFS	
	2011	2010	2011	2010	2011	2010	2011	2010
Net banking income	2,760	3,027	1,884	1,789	1,151	1,074	5,795	5,890
Operating expenses	(1,675)	(1,655)	(1,358)	(1,288)	(798)	(819)	(3,831)	(3,762)
Gross operating income	**1,085**	**1,372**	**526**	**501**	**353**	**255**	**1,964**	**2,128**
Cost/income ratio	*60.7%*	*54.7%*	*72.1%*	*72.0%*	*69.3%*	*76.3%*	*66.1%*	*63.9%*
Cost of risk	(106)	(204)	(16)	(26)	(61)	(48)	(183)	(278)
Operating income/(loss)	**979**	**1,168**	**510**	**475**	**292**	**207**	**1,781**	**1,850**
Share of income/(loss) of associates	0	0	14	19	0	0	14	19
Net gains or losses on other assets	0	1	0	2	2	13	2	16
Income/(loss) before tax	**979**	**1,169**	**524**	**496**	**294**	**220**	**1,797**	**1,885**
Income tax	(294)	(352)	(138)	(71)	(99)	(69)	(531)	(492)
Minority interests	(189)	(234)	(131)	(137)	(58)	(49)	(378)	(420)
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	**496**	**583**	**255**	**288**	**137**	**102**	**888**	**973**

9.2 SEGMENT ANALYSIS OF THE CONSOLIDATED BALANCE SHEET

in millions of euros	Commercial Banking and Insurance		CIB, Investment Solutions and SFS		Equity interests		Workout portfolio management and Other businesses		BPCE SA group	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010	12/31/2011	12/31/2010	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Segment assets	179,180	178,417	380,004	331,870	5,166	6,332	231,378	224,798	795,728	741,417
Segment liabilities(1)	104,913	136,040	362,381	316,944	4,607	5,996	248,089	210,624	719,990	669,604

(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 based on the location where business activities are accounted for.

Net banking income

in millions of euros	2011	2010
France	5,820	5,879
Rest of Europe	1,124	1,216
North America	1,442	1,459
ROW	724	713
TOTAL	**9,110**	**9,267**

Total segment assets

in millions of euros	12/31/2011	12/31/2010
France	700,396	625,373
Rest of Europe	39,009	49,975
North America	39,422	49,314
ROW	16,901	16,755
TOTAL	**795,728**	**741,417**

Note 10 Commitments

10.1 CONTINGENT LIABILITIES AND COMMITMENTS

The amounts shown represent the nominal value of commitments given.

Financing commitments

in millions of euros	12/31/2011	12/31/2010
Financing commitments given to		
– credit institutions	29,640	39,654
– customers	79,192	66,522
– Credit facilities granted	60,974	57,542
– Other obligations	18,218	8,980
TOTAL FINANCING COMMITMENTS GIVEN	**108,832**	**106,176**
Financing commitments received from		
– credit institutions	30,196	74,780
– customers	10,002	466
TOTAL FINANCING COMMITMENTS RECEIVED	**40,198**	**75,246**

Guarantees

in millions of euros	12/31/2011	12/31/2010
Guarantees given:		
to credit institutions	14,035	21,908
to customers	124,494	116,389
other securities pledged as collateral	116,516	67,627
TOTAL GUARANTEES GIVEN	**255,045**	**205,924**
Guarantees received:		
from credit institutions	17,303	19,010
from customers	58,568	54,729
other securities received as collateral	129,099	97,687
GUARANTEES RECEIVED	**204,970**	**171,426**

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 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	12/31/2011	12/31/2010
Equity instruments	5,345	4,040
Debt instruments	108,342	93,620
Loans and advances	31,897	33,872
Other financial assets	1	574
TOTAL	**145,585**	**132,106**

As of December 31, 2011, receivables allocated as collateral under refinancing arrangements mainly included the following:

- €29,342 million in receivables assigned to Banque de France in connection with the TRICP system (€37,747 million at December 31, 2010);
- €4,729 million in receivables pledged to SFEF (€6,076 million at December 31, 2010);

€5,275 million in receivables provided as a guarantee for financing obtained from the European Investment Bank (EIB), compared to €4,794 million as of December 31, 2010.

10.3 FINANCIAL ASSETS RECEIVED AS COLLATERAL THAT CAN BE SOLD OR REPLEDGED

The BPCE SA group did not recognize any material amount 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, BPCE, Natixis, IT centers and the Group's key management personnel.

11.1 TRANSACTIONS WITH CONSOLIDATED COMPANIES

All 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 statement 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 significant transaction;
- companies over which the Group exercises significant influence and which are accounted for using the equity method: the Group received commission payments from the CNP group amounting to €857 million in 2011 (€764 million in 2010).

A list of fully consolidated subsidiaries is presented in the scope of consolidation section (see Note 12).

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

Short-term benefits paid out to management personnel amounted to €5 million in 2011 (*vs.* €5 million in 2010).

These include compensation, directors' attendance fees and benefits paid to members of the Management Board and of the Supervisory Board.

Share-based payments

Since 2009, 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 2011, €1 million was paid out as a contribution into the supplementary pension plan for key management personnel (*vs.* €2 million in 2010).

Note 12 Scope of consolidation

12.1 CHANGES IN SCOPE OF CONSOLIDATION DURING FISCAL YEAR 2011

The main changes in the scope of consolidation during 2011 are presented below:

Increase in the percentage of the Group's interests in Natixis

Subsequent to the option exercised by BPCE to receive the Natixis dividend in new shares, the Group has a 72.4% Equity interest in Natixis on December 31, 2011 (compared to 71.7% on December 31, 2010).

Creation of the 1818 Partenaires platform

For the purposes of creating a distribution platform for Independent Wealth Management Advisors (IWMAs), on March 31, 2011 Banque Privée 1818 acquired 66% of Sélection R, a subsidiary of Rothschild group, renaming it Sélection 1818. This acquisition generated goodwill of €38 million. Banque Privée 1818 also granted a put to Messine Participations (which holds 34% of Sélection 1818). The value of the put was recorded in debt at €34 million at December 31, 2011.

Purchase of Equity interests held by third parties in real estate activities in Morocco.

In the first quarter of 2011, BPCE IOM purchased interests held by others in its real estate businesses.

In line with IFRS 3 (Revised), this acquisition of minority shares in entities controlled by the Group has no direct impact on the income statement. It is reflected in a total net reduction in equity equal to the amount paid, namely €22 million.

Sale of Foncia (Note 1.3)

Foncia's contribution to the income statement for 2011 is as follows:

in millions of euros	H1-11
Net banking income	**298**
Operating expenses	(269)
Gross operating income	**29**
Cost of risk	
Operating income/(loss)	**29**
Gains or losses on other assets	
Change in the value of goodwill	
Income/(loss) before tax	**29**
Income tax	(14)
Net income/(loss)	**15**
Minority interests	
Net income attributable to equity holders of the parent	**15**

Sale of the Group's interest in Crédit Immobilier et Hôtelier (CIH) (see Note 1.3)

The disposal of BPCE SA's indirect 23.8% holding in Crédit Immobilier et Hôtelier (CIH) generated a loss of €32 million. The share of CIH profits recorded in income from associates amounted to €5 million.

Goodwill amounting to nearly €77 million, recorded under "Investments in associates", was derecognized.

Acquisition of a controlling interest in Banque Malgache de l'Océan Indien (BMOI)

on July 1, 2011, BPCE SA group finalized the acquisition of a 75% majority interest in Banque Malgache de l'Océan Indien (BMOI) from BNP Paribas group.

This acquisition generated goodwill in the amount of €28 million and debt amounting to €10 million, charged against retained earnings (Group share) in respect of sale options granted to minority shareholders.

12.2 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.

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.

The securitization transactions by the Crédit Foncier group are initiated 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 the specialized subsidiary Vauban Mobilisation Garanties.

in millions of euros	Type of assets	Year of inception	Expected maturity	Nominal at inception	Balance at 12/31/2011
Partimmo 10/2001	Residential mortgage loans	10/29/2001	October 2035	1,663	182
Partimmo 07/2002	Residential mortgage loans	07/10/2002	July 2039	1,222	190
Partimmo 10/2002	Residential mortgage loans	11/12/2002	January 2022	707	115
Partimmo 05/2003	Residential mortgage loans	06/11/2003	July 2021	987	233
Partimmo 11/2003	Residential mortgage loans	11/12/2003	March 2029	1,045	245
Partimmo sub-total				**5,624**	**965**
Zèbre 1	Residential mortgage loans	11/25/2004	October 2031	1,173	276
Zèbre two	Residential mortgage loans	10/28/2005	July 2024	739	235
Zèbre 2006-1	Residential mortgage loans	11/28/2006	January 2046	689	310
Zèbre sub-total				**2,601**	**821**
TOTAL				**8,225**	**1,786**

Through specific conduits, Natixis structures securitization transactions on behalf of its customers or investors. Natixis extends liquidity lines to two ABCP conduits (Versailles and Magenta). At December 31, 2011, these lines totaled €4.8 billion.

Natixis also granted a total amount of €632 million in liquidity lines to several funds arranged by third parties (Landale, Northwest, Cedulas) at December 31, 2011.

At December 31, 2011 none of these vehicles were consolidated. As Natixis does not control them, it was not exposed to risks and did not receive the benefits relating to the securitized assets.

12.3 GUARANTEED MUTUAL FUNDS

Guaranteed mutual funds are designed to reach a specific amount at the end of a given period, determined by applying a predefined calculation formula based on financial market indicators and, where appropriate, to distribute revenues derived from the investments as determined using the same methods.

The portfolio management targets of these funds are guaranteed by a credit institution.

Based on an analysis of the substance of these funds in accordance with SIC 12, the Group cannot be regarded as holding substantially all the risks and rewards of ownership. Consequently, these entities are not consolidated.

12.4 SCOPE OF CONSOLIDATION AT DECEMBER 31, 2011

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	Location[a]	Percentage ownership	Percentage control	Consolidation method[b]
I) CONSOLIDATING ENTITY				
BPCE SA	FR	100.00%	100.00%	FC
II) BPCE SA subsidiaries				
Albiant IT	FR	98.00%	100.00%	FC
Bankeo	FR	60.00%	100.00%	FC
Banque BCP SAS	FR	30.00%	30.00%	EQ
BP Covered Bonds	FR	100.00%	100.00%	FC
BPCE Achats	FR	50.64%	100.00%	FC
BPCE APS	FR	30.76%	30.69%	EQ
BPCE Assurances	FR	46.38%	46.38%	FC
BPCE Home Loans	FR	100.00%	100.00%	FC
BPCE Immobilier Exploitation	FR	100.00%	100.00%	FC
BPCE SFH	FR	100.00%	100.00%	FC
CSF-GCE	FR	40.57%	40.57%	EQ
GCE Capital	FR	100.00%	100.00%	FC
GCE Covered Bonds	FR	100.00%	100.00%	FC
GCE Participations	FR	100.00%	100.00%	FC
GIE CE Syndication Risques	FR	37.52%	37.52%	EQ
Groupe Natixis [C]	FR	72.39%	72.39%	FC
Informatique Banques Populaires	FR	29.52%	29.52%	EQ
IT-CE	FR	34.00%	34.00%	EQ
MA BANQUE	FR	65.92%	65.92%	FC
MeilleurTaux	FR	100.00%	100.00%	FC
Mifcos	FR	100.00%	100.00%	FC
Oterom Holding	FR	100.00%	100.00%	FC
SAS GCE P.AV Immobilier	FR	100.00%	100.00%	FC
SCI Ponant+	FR	100.00%	100.00%	FC
Socram Banque	FR	33.42%	33.42%	EQ
Surassur	FR	21.43%	21.43%	EQ
VBI	AT	24.50%	24.50%	EQ
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
BPCE International et Outre-mer group				
Al Mansour Palace Maroc	MA	40.00%	40.00%	EQ
Arab International Lease	TN	39.00%	65.00%	FC
Banque de la Réunion	FR	88.90%	88.90%	FC
Banque de Nouvelle Calédonie	NC	96.74%	96.74%	FC
Banque de Tahiti	PF	96.12%	96.12%	FC
Banque des Antilles Françaises	FR	99.69%	99.69%	FC
Banque des Îles Saint-Pierre-et-Miquelon	FR	79.66%	79.66%	FC

Companies	Location[a]	Percentage ownership	Percentage control	Consolidation method[b]
Banque des Mascareignes	MU	100.00%	100.00%	FC
Banque Malgache de l'Océan Indien	MG	75.00%	75.00%	FC
Banque Tuniso-Koweitienne	TN	60.00%	60.00%	FC
BCI BQ Commerciale Internationale	CG	99.98%	99.98%	FC
BCP Luxembourg	LU	80.10%	80.10%	FC
BICEC	CM	64.85%	64.85%	FC
BM Madagascar	MG	70.00%	70.00%	FC
BPCE International et Outre-mer	FR	100.00%	100.00%	FC
BPCE Maroc	MA	100.00%	99.93%	FC
BPCE Maroc Immobilier	MA	100.00%	100.00%	FC
Fransa Bank	LB	40.01%	40.01%	EQ
Ingépar	FR	100.00%	100.00%	FC
Medai SA	TN	66.99%	78.99%	FC
OCEORANE	FR	100.00%	100.00%	FC
PRAMEX	FR	100.00%	100.00%	FC
SARL Residence du Golf de Bouznica Bay	MA	100.00%	100.00%	FC
SKY Elite Tour SARL	MA	100.00%	100.00%	FC
Société de Conseils et d'Intermédiation Financière	TN	47.98%	79.96%	FC
El ISTIFA	TN	60.00%	100.00%	FC
Société Havraise Calédonienne	NC	89.70%	92.72%	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	52.02%	100.00%	FC
Univers Participations (Sicaf)	TN	59.87%	99.99%	FC
Crédit Foncier group				
Banco Primus	PT	94.94%	94.94%	FC
Crédit Foncier de France	FR	100.00%	100.00%	FC
CFG CIE Fin de Garantie	FR	100.00%	100.00%	FC
Cinergie	FR	100.00%	99.99%	FC
Cofimab	FR	100.00%	99.99%	FC
Compagnie de Financement Foncier	FR	100.00%	100.00%	FC
Crédit Foncier Immobilier	FR	74.93%	74.93%	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	74.93%	100.00%	FC
Foncier Participations	FR	100.00%	100.00%	FC
Foncière d'Evreux	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	72.69%	72.69%	FC
Maison France Confort Prou Investissements	FR	49.00%	49.00%	EQ
Serexim	FR	74.93%	100.00%	FC
Sipari	FR	100.00%	99.99%	FC
SIRP	FR	100.00%	100.00%	FC
SOCFIM	FR	100.00%	99.99%	FC

Companies	Location[(a)]	Percentage ownership	Percentage control	Consolidation method[(b)]
SOCFIM Participations Immobilières	FR	100.00%	100.00%	FC
Vendôme Investissements	FR	100.00%	99.99%	FC
VMG	FR	100.00%	100.00%	FC
Banque Palatine group				
Aries Assurances	FR	100.00%	100.00%	FC
Banque Palatine	FR	100.00%	100.00%	FC
Banque Michel Inchauspe	FR	20.00%	20.00%	EQ
Conservateur Finance	FR	20.00%	20.00%	EQ
Palatine Asset Management	FR	100.00%	100.00%	FC

Comments

(a) Country of operation:
AT: Austria – CG: Congo – FR: France – LB: Lebanon – LU: Luxembourg – MA: Morocco – MG: Madagascar – MU: Mauritius – NC: New Caledonia – PF: French Polynesia – PT: Portugal – TN: Tunisia.

(b) Consolidation method
FC: Full consolidation
EQ: Equity method
PC: Proportional consolidation

(c) NATIXIS group:
The Natixis group comprises 344 fully-consolidated entities and 10 entities consolidated using the equity method. Its principal subsidiaries are as follows: Coface, Banque Privée 1818, Natixis Global Asset Management, Natixis North America LLC, Natixis Private Equity and Compagnie Européenne de Garanties et Cautions.

5.2.7 Statutory Auditors' report on the consolidated financial statements

For the year ended December 31, 2011

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the consolidated financial statements and includes an explanatory paragraph discussing the Auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

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, 2011, on:

- the audit of the accompanying consolidated financial statements of groupe BPCE SA;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Management Board. Our role is to express an opinion on these consolidated 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 involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group at December 31, 2011 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

II. Justification of our assessments

The accounting estimates used in the preparation of the consolidated financial statements for the year ended December 31, 2011 were made in an uncertain environment resulting from the public finance crisis in certain eurozone countries, in particular in Greece, combined with a liquidity and an economic crisis, which makes it difficult to assess the economic outlook. It is in this context that, in accordance with the requirements 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 estimate

CREDIT AND COUNTERPARTY RISK PROVISION

The Group records impairment and provisions to cover the credit and counterparty risks inherent to its activities (Notes 1.3.4, 4.1.7 and 7.2 to the consolidated financial statements). We reviewed the control procedures put in place by the Group to identify risk exposure, monitor credit and counterparty risks, assess the risks of non-recovery and calculate the related impairment and provisions on an individual and portfolio basis, notably regarding risks related to Greek sovereign debt.

VALUATION OF FINANCIAL INSTRUMENTS

The Group uses internal models to measure financial instruments that are not quoted in active markets (Notes 1.3.4, 4.1.6 and 5.4 to the consolidated financial statements). 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 inputs used.

IMPAIRMENT OF AVAILABLE-FOR-SALE ASSETS

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 reviewed the control procedures relating to the identification of evidence of impairment, valuation of the most significant items, and estimates leading, where applicable, to the recognition of impairment losses.

GOODWILL IMPAIRMENT

The Group carried out goodwill impairment tests which led, when necessary, to the recognition of impairment (Notes 3.4.3 and 5.14 to the consolidated financial statements). We reviewed the methods and main inputs and assumptions used when performing these tests, as well as estimates used to recognize any impairment losses.

DEFERRED TAX ASSETS

The Group recognized deferred tax assets, particularly in respect of tax loss carryforwards (Notes 4.12, 5.8 and 6.11 to the consolidated financial statements). We reviewed the main estimates and assumptions that led to the recognition of these deferred tax assets.

PROVISIONS FOR EMPLOYEE BENEFIT OBLIGATIONS

The Group records provisions to cover employee benefit obligations (Notes 4.10, 5.19 and 8.2 to the consolidated financial statements). We reviewed the valuation method for these obligations and the main inputs and assumptions used.

III. Specific verification

As required by law and in accordance with professional standards applicable in France, we have also verified the information presented in the Group's management report. We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Paris La Défense and Neuilly-sur-Seine, March 30, 2012

The Statutory Auditors

KPMG Audit	**PricewaterhouseCoopers Audit**	**Mazars**
Department of KPMG SA		
Fabrice Odent	Anik Chaumartin	Charles de Boisriou
Marie-Christine Jolys		Jean Latorzeff

5.3 Parent company financial statements

5.3.1 Management report of BPCE

SIGNIFICANT EVENTS OF 2011

Governance

The BPCE Supervisory Board Meeting of December 15, 2011 appointed Yves Toublanc as Chairman as of January 2, 2012, replacing Philippe Dupont who remains a member of the Supervisory Board. Stève Gentili was appointed Vice-Chairman of the Supervisory Board.

These appointments form part of the governance rules defined when BPCE was created on July 31, 2009. Yves Toublanc and Stève Gentili each have terms of two years.

Implementation of the strategic plan

Full reimbursement of the French Government

In March 2011, BPCE bought back €1.2 billion in preference shares and proceeded with the buy-back of €1 billion in deeply subordinated notes held by the *Société de Prise de Participation de l'État* (SPPE), the 100% state-owned investment company.

With the completion of these two transactions, BPCE has fully reimbursed the French state.

Redemption of hybrid securities on the markets

In October 2011, BPCE proceeded with the partial early redemption of issued undated deeply subordinated securities. Overall, €1.2 billion in securities were acquired at par value, i.e. a net gain of €250 million, representing 6 basis points of the Core Tier-1 ratio.

Sale of Foncia

During July 2011, BPCE sold its entire 98% holding in Foncia. Following this transaction, BPCE holds 18.34% of RES I, the holding company that now owns Foncia.

Strengthened cash and funding management

Creation of a single treasury and collateral management arrangement between BPCE and Natixis

In a context of market instability, increasingly scarce liquidity in Europe and heightened competition between players, cash management has become a major focus for all banking institutions.

In summer 2010, the teams of BPCE, Natixis and Crédit Foncier launched the large-scale "Liquidity Strategy" project to secure and optimize liquidity access for the entire group and its businesses. In May 2011, a single treasury and collateral management arrangement between BPCE and Natixis was created. BPCE and Natixis' treasury and central bank collateral management teams were merged in June 2011 and are now under a single structure for managing BPCE and Natixis debt issues.

Creation of a new issuance vehicle

Over 2011, BPCE SFH (a new credit institution licensed as a housing finance company of Groupe BPCE) was created and is wholly-owned by BPCE. On May 3, 2011 BPCE SFH launched its inaugural issue for a total of €2 billion. It was the first legal covered bonds benchmark issue (*obligations de financement de l'habitat* or OH) on the euro market.

Groupe BPCE is now present on the covered bond market through BPCE SFH, its housing finance bond issuer, and Compagnie de Financement Foncier, its covered bonds issuer.

Creation of the BPCE home loans securitized mutual fund (fonds commun de titrisation – FCT)

BPCE created a securitized mutual fund, FCT BPCE home loans, that issues senior notes rated AAA by rating agencies, and guaranteed by assets held by the 17 Banques Populaires, CASDEN Banque Populaire, Crédit Coopératif and the 17 Caisses d'Epargne et de Prévoyance. At December 31, 2011, BPCE borrowed €39 billion from BPCE home loans and then purchased BCPE Home Loans securities for the same amount in order to raise the Group's liquidity safety margin.

Total transfer of sibp's assets and liabilities

Following the total transfer of SIBP's assets and liabilities (*Transmission universelle de patrimoine* – TUP) to BPCE over the year, BPCE has a direct stake of 17.76% in Austrian holding company VBI (Volksbank International AG), which aims to acquire shareholdings in banks in Eastern Europe.

Risk assessment on greek sovereign debt and determination of fair value

The lack of market liquidity, particularly since the second quarter of 2011 on Greek government bonds, has led the Group to use a valuation model to determine their fair value.

In this respect, and in the absence of observable market prices on the lines held, and doubts on how the negotiated rescue package will be implemented, BPCE observed an aggregated decline in Greek securities in 2011 representing an average of 70% of the par value. This observation is consistent with estimates on the best possible outcome of the private sector's exceptional participation in the rescue package.

These forecasts anticipate the exchange of an old security with a par value of 100 against European Financial Stability Facility securities (with a par value of around 15) and Greek government securities (with a par value of around 35), as well as a 50% loss in par value. Moreover, government-issued Greek securities are expected to pay a lower interest rate than that of the market, thus generating an additional loss in the current value.

The outstanding amounts from BPCE due to Greek debt stand at €10 million. This risk is fully hedged *via* a guarantee mechanism that transfers risk to Triton, a Caisse d'Epargne subsidiary

COMPANY SITUATION AND ACTIVITY IN 2011

Changes in the BPCE balance sheet

			Change 2011/2010	
in billions of euros	12/31/2011	12/31/2010	€bn	%
Amounts due from banks	201.4	166.8	+ 34.6	+ 21%
Amounts due from customers	2.4	2.1	+ 0.3	+ 13%
Securities transactions	69.6	41.0	+ 28.6	+ 70%
Associates, Equity interests and long-term investments	27.2	27.3	(0.1)	(1)%
Treasury stock	0.0	1.9	(1.9)	(100)%
Other assets	8.9	5.9	+ 3.0	+ 51%
TOTAL BPCE ASSETS	**309.5**	**245.0**	**+ 64.4**	**+ 26%**
Amounts due to banks	151.3	116.4	+ 34.9	+ 30%
Debt securities and subordinated debt	77.2	75.3	+ 1.9	+ 3%
Other liabilities	62.0	30.3	+ 31.7	
Shareholders' equity and Fund for General Banking Risks	18.9	23.0	(4.1)	(18)%
TOTAL BPCE LIABILITIES	**309.5**	**245.0**	**+ 64.4**	**+ 26%**

In accordance with French GAAP, total 2011 assets amounted to €309.5 billion, an increase of 26% compared to December 31, 2010.

Under assets, the increase of interbank loans and receivables by €34.6 billion is chiefly due to the €29.9 billion increase in term loans to the Group, and to the €7.1 billion increase in securities received under repurchase agreements.

The €28.6 billion increase in securities transactions comes mainly from the purchase of BPCE home loans and BPCE SFH securities for €39 billion and €2.6 billion respectively. Certificates of deposit increased by €8.4 billion. Furthermore, outstanding GCE Covered Bonds securities held were down -€14 billion. Lastly, fixed-rate securities borrowings to affiliates fell by -€8.8 billion over the period.

The item "Investments in associates and other long-term investments" recorded the following major events:

- capital increases of Crédit Foncier, BPCE International et Outre-mer and BPCE SFH of €2 billion;
- the impairment on Crédit Foncier securities for €1 billion;
- the disposal of Foncia securities for €1.3 billion, together with a reversal of provisions of €489 million; and
- the reimbursement of a perpetual deeply subordinated note with a par value of €800 million by Natixis.

The equity held at December 31, 2010 was canceled on January 5, 2011 as part of a capital reduction. This equity corresponds to the buyback of 3,860,000 category C shares in August and October 2010.

Under liabilities, the item "Amounts due to banks" saw a €34.9 billion increase.

In 2011, the €1.9 billion change in "Debt securities and subordinated debt" was partly accounted for by the increase in retail issues for €4.9 billion and certificates of deposit accounting for €9 billion, and the decrease in outstanding commercial paper for -€9.4 billion and deeply subordinated debts for -€3.1 billion.

The €31.7 billion increase in other liabilities mostly corresponds to borrowings from BPCE home loans for €39 billion and the decrease of fixed-rate securities borrowings of -€8.8 billion.

Furthermore, the -€4.1 billion decline in equity is mainly the result of:

- the cancellation of shares purchased from the *Société de Prise de Participation de l'État* in 2010 for €1.9 billion;
- the redemption of preference shares from the *Société de Prise de Participation de l'État* in 2011 for €1,2 billion; and
- the reversal of the fund for general banking risks for €870 million.

BPCE income statement

in millions of euros	2011	2010	Change €m	Change %
Net banking income	837	305	+ 532	x 2,7
Operating expenses	(193)	(231)	+ 38	(16) %
Gross operating income	**644**	**74**	**+ 570**	**x 8,7**
Cost of risk	(365)	13	(378)	ns
Net gains or losses on other assets	(1,288)	(184)	(1,104)	ns
Income (loss) before tax	**(1,009)**	**(97)**	**(912)**	**ns**
Income tax	139	536	(397)	(74)%
Charges/reversals to fund for general banking risks and regulated provisions	877	452	+ 425	+ 94%
NET INCOME	**7**	**891**	**(884)**	**(99)%**

Net income for 2011 was €7 million. It includes net banking income of €837 million, cost of risk of -€365 million, net gains or losses on other assets for -€1,288 million as well as a reversal of the fund for general banking risks of €870 million.

Net banking income

in millions of euros	2011	2010	Change €m	Change %
Holding company activities and income	784	156	+ 628	x 5,0
Group banking activities	44	108	(64)	(59)%
Banking services lines	8	47	(39)	(83)%
Other income	1	(6)	+ 7	ns
TOTAL NET BANKING INCOME	**837**	**305**	**+ 532**	**+ 174%**

In 2011, BPCE's net banking income totaled €837 million, up by €532 million compared to 2010. It is chiefly composed of dividends and capital gains generated by the redemption of issued deeply subordinated notes.

Dividends and current account credit facilities awarded in 2011 came to €620 million, representing an increase of €318 million compared to 2010, mainly due to dividends in the form of securities issued by Natixis. The partial early redemption of issued deeply subordinated notes with a total value of €1.2 billion generated €382 million in capital gains. The cost of funding Equity interests increased by €30 million due to changes in the value of Equity interests and interest rates.

Net banking income from the Group's banking activities totaled €44 million in 2011. It was generated mainly from the income of the guarantee activity and the Group's liquidity pool.

Banking services generated NBI of €8 million in 2011, down by -€39 million following the transfer of most of the activities to Natixis Paiements on September 1, 2010.

Operating expenses

in millions of euros	2011	2010	Change €m	Change %
Payroll costs	(227)	(230)	+3	(1)%
Other expenses	(362)	(355)	(7)	+ 2%
Gross operating expenses	**(589)**	**(585)**	**(4)**	**+ 1%**
Rebilled expenses	**427**	**432**	**(6)**	**(1)%**
Net operating expenses (excluding exceptional projects as well as expenses for CE Participations and BP Participations)	**(162)**	**(153)**	**(10)**	**+ 6%**
Charges resulting from CE Participations and BP Participations holdings		(15)	+ 15	(100) %
Charges from exceptional projects	(30)	(62)	+ 32	(51) %
NET OPERATING EXPENSES	**(193)**	**(231)**	**+ 38**	**(16) %**

Operating expenses not including non-recurring charges and strategic projects amounted to €589 million in 2011.

Charges related to non-recurring projects were significantly lower. They mainly concern expenses incurred as part of the disposal of Foncia and expenses borne by BPCE when merging the Caisses d'Epargne and the Banques Populaires onto a shared platform for managing customer securities.

After deduction of total rebilled expenses of €427 million, including contributions paid by associates, net operating expenses totaled -€193 million, down by €38 million compared to the previous year.

Streamlining and optimization efforts continued in 2011, thus maintaining operating expenses at a constant level when excluding the reclassification of property rents under NBI, and improving overall expenditure which was down 16% compared to 2010.

Cost of risk

In 2011, the cost of risk totaled -€365 million and is primarily due to the impact of Natixis' workout portfolio (GAPC).

Net gains or losses on fixed assets

Gains or losses on fixed assets totaled -€1,288 million in 2011. These are mainly due to the impairment of Crédit Foncier securities and the capital losses on the sale of Foncia. In 2010, this item included gains made subsequent to the sales of Société Marseillaise de Crédit, GCE Paiements and Banque International Arabe de Tunisie, which were absorbed by the impairment of Banca Carige, BPCE Domaines securities and the provision for a portion of the negative net position of the Immobilière GCE subsidiary.

Income tax

Income tax for 2011, taking into account tax consolidation income of €1,024 million, changes in provisions representing -€169 million and tax credits representing €15 million, resulted in an income tax gain of €139 million.

Non tax deductible expenses

No non tax deductible expenses were incurred during the fiscal year.

Fund for general banking risks and net income

After taking into account a €870 million reversal from the fund for general banking risks, net income amounted to €7 million.

Proposed appropriation of 2011 net income

After noting income the existence of income of €7,122,739.41, and retained earnings of €456,268,062.95, it was proposed to the Annual General Shareholders' Meeting to appropriate income of €463,390,802.36 as follows:

- 5% of the book profit for the period ended December 31, 2011 to be transferred to the legal reserve, in an amount of €356,136.91;
- the balance of €463,034,665.39 to be carried forward as retained earnings.

Pursuant to 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 per share	Amount of the dividend eligible for the 40% tax relief	Amount of the dividend ineligible for the 40% tax relief
December 31, 2008		/	/	/
	Category C shares	€16.38	/	/
December 31, 2009	Category A and B shares	€0.01	100%	/
	Category C shares	€40.24	/	/
December 31, 2010	Category A and B shares	€0.01	100%	/

Information on subsidiaries and equity investments

ACTIVITY AND RESULTS OF THE MAIN SUBSIDIARIES

The activity and results of the main subsidiaries are described in Chapter 1 of the registration document.

INVESTMENTS AND CONTROLLING INTERESTS

As a result of the total transfer of SIBP's assets and liabilities, BPCE received VBI (Volksbank International AG) shares, of which it holds 17.76%, and Ponant 3 shares of which it holds 100%.

BPCE's interest in Albiant-IT (formerly Albireo) increased to 97% (against 1% at December 31, 2010).

BPCE's interest in IT-CE (formerly GIE GCE Technologies) increased to 34% following the merger by absorption of GCE Business Services (against 2.78% at December 31, 2010).

BPCE participated in creating Technology Shared Services Méditerranée (79.50%) and Technology Shared Services Pacifique (52%).

Furthermore, BPCE formed 25 companies in view of financing asset transactions for 10,000 a piece, representing 100% of the capital.

Employee participation in the share capital

Information concerning employee participation in the share capital is provided in Chapter 7 of the registration document.

Information concerning company Officers

Information on remuneration, directorships and offices held by BPCE directors is provided in Chapter 2 "Remuneration to executive directors and Officers" and "Directorships and Offices held by Members of BPCE's Management Board" of the registration document.

This information is in line with the recommendations of the French association of private sector companies *Association française des entreprises privées* (AFEP) and the French business confederation *Mouvement des entreprises de france* (MEDEF) published in October 2008 and updated in April 2010, and with the *Autorité des marchés financiers* (AMF) recommendation of December 22, 2008 relative to executive directors and Officers.

Information regarding the ownership of share capital

Information concerning the ownership of the share capital is provided in Chapter 7 of the registration document.

Trading by BPCE in its own shares

Following the decision handed down at the General Shareholders' Meeting of December 16, 2010, BPCE held 3,860,000 Category C shares as treasury stock, which were acquired *via* a buy-back from the French government's equity investment company (SPPE), until January 5, 2011 when these shares were canceled, thereby reducing the share capital to €505,831,755.

During the meeting of March 14, 2011, the Management Board recognized the buy-back of the latest shares held by the SPPE, i.e. 2,573,653 Category C shares for an amount of €1,220,208,723.54. These shares were held by BPCE as treasury stock until April 18, 2011 when these shares were canceled, thereby reducing the share capital to €467,226,960. Following this cancellation, there are no more Category C shares.

Since this date, BPCE has not traded in its own shares, and its share capital remains equally distributed between the Caisses d'Epargne (Category A shares) and the Banques Populaires (Category B shares).

Disposals of shares

No share contributions were made in 2011. The following material disposals took place over the period:

- in January 2011, sale of the interest in GCE Courtage for €2.5 million;
- in July 2011, sale of the interest in Foncia for €711 million;
- in November 2011, sale of Fongépar for €4.5 million;
- in December 2011, sale of part of BPCE's interest in Banca Carige (3,000,088 shares), on the market, for €4.2 million.

Research and development activities

BPCE did not conduct any research and development activities during the period.

Management of financial risks

Information relating to management of financial risks is provided in Chapter 3 of the registration document.

Main risks

Information relating to the main risks and uncertainties facing BPCE is provided in Chapter 3 of the registration document.

Difficulties encountered

The difficulties encountered over 2011 are linked to the economic and financial environment described in point 4.2 of the registration document.

Information relative to environment and staff considerations

These questions are addressed in Chapter 6 of the registration document.

RECENT DEVELOPMENTS AND OUTLOOK

The 2011 economic context was complex with considerable pressure on the liquidity of European banks and a sovereign debt crisis. Growth forecasts for euro zone economies remain downbeat and there are no signs of a quick recovery for European economies, despite a degree of liquidity easing. As a result, the recovery is set to be soft and risky, though with no relapse or deflation. The recovery will be curbed in the long term by a lengthy process of debt reduction in both the public and private sectors.

Against this backdrop, BPCE remains focused on its primary objectives as the head of the Group:

- to shore up its financial solidity through liquidity steering made possible by single treasury and collateral management. There was an upturn in funding opportunities at the start of the year, and as such BPCE steered or actively raised new funds that will cover a proportionally significant portion of the issuance program planned for 2012;
- to support the networks and other Group institutions in building synergies to improve their revenues and enhance their competitiveness;
- to strengthen risk management and project steering needed to take on board new regulations applicable to European banks aimed at bolstering regulatory capital.

EVENTS AFTER THE BALANCE SHEET DATE

Sale of Banca Carige

In keeping with its policy to centralize all its subsidiaries and Equity interests abroad, on January 2, 2012, BPCE sold its entire interest in Banca Carige to its subsidiary BPCE International et Outre-mer.

VBI (Volksbank International AG)

Initiated in 2011 during the total asset transfer of SIBP, the sale of Austrian holding company VBI AG, with the exception of VBI Romania (a VBI AG subsidiary), took place in February 2012. Following this transaction, BPCE only holds a minority shareholding of 24.5% in VBI Romania *via* holding company VBI Beteiligungs GmbH.

P3CI

In January 2012, BPCE implemented an operation with Natixis to optimize the Core Tier-1 ratio *via* a guarantee mechanism based on a prudential value equivalent to that used for the CIC issues by the Banque Populaire banks and the Caisses d'Epargne.

The mechanism of the transaction, known as P3CI, required BPCE to subscribe to new bonds issued by Natixis for an amount of €6.9 billion.

Natixis simultaneously reimbursed BPCE with deeply subordinated notes for an amount of €2.3 billion.

For Natixis this resulted in a reduction of its risk-weighted assets by approximately €25.6 billion, i.e. 18% of its risk-weighted assets before P3CI.

Sale of the Masseran building

On January 17, 2012, BPCE sold to "SNC Ecureuil 5 Rue Masseran" a private hotel, "Hôtel de Boisgelin", used mainly for office space and located in Paris (75007), 5 rue Masseran, 1 rue Eblé et 50 boulevard des Invalides, of which it was the sole owner.

TABLE OF RESULTS FOR THE FIVE PREVIOUS YEARS

in euros	**2007**	**2008**	**2009**	**2010**	**2011**
Share capital at period-end					
Share capital	37,000	37,000	486,407,115	563,731,755	467,226,960
Number of shares issued(1)	37,000	37,000	32,427,141	37,582,117	31,148,464
Operations and income for the year					
Revenue	434	1,213	4,780,228,184	6,736,562,200	6,589,712,096
Income before tax, employee profit-sharing, depreciation, amortization, and impairment	(7,531)	(1,420)	(851,298,800)	(1,148,017,187)	154,344,419
Income tax	-	0	(28,455,386)	536,012,280	139,563,408
Income after tax, employee profit-sharing, depreciation, amortization, and impairment	(7,531)	(1,420)	2,684,433	891,026,457	7,122,739
– Dividend paid to shareholders(2)	0	0	105,639,022	103,876,959	0
Earnings per share					
Revenue	0	0	147	200	212
Income after tax, employee profit-sharing, but before depreciation, amortization, and impairment	(0.20)	(0.04)	(27.13)	(18.15)	9.44
Income tax	0.00	0.00	(0.88)	15.89	4.48
Income after tax, employee profit-sharing, depreciation, amortization, and impairment	(0.20)	(0.04)	0.08	26.42	0.23
Dividend per share(2)	0.00	0.00	3.26	3.08	0.00
Employee data					
Average number of employees	0	0	1,581	1,528	1,507
– *o/w managerial staff*	*0*	*0*	*1,320*	*1,288*	*1,274*
– *o/w non-managerial staff*	*0*	*0*	*261*	*240*	*233*
Total wage bill for the year	0	0	127,511,426	114,974,673	117,852,537
Amounts paid for employee benefits during the period	0	0	85,559,495	71,986,550	69,942,206

(1) Earnings per share are calculated based on the number of shares in issue on the date of the Shareholders' Meeting.
(2) Subject to approval by the Shareholders' Meeting

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, must 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	Beyond 30 days	Invoices to be received
2011 trade payables	98.5	5.1	13.1	0.0	0.0	80.3
2010 trade payables	126.9	5.7	0.3	0.4	2.6	122.0

5.3.2 Balance sheet and off-balance sheet

ASSETS

in millions of euros	Notes	12/31/2011	12/31/2010
Cash and amounts due from central banks		5,499	7,071
Treasury bills and equivalents	*3.3*	0	0
Loans and advances due from credit institutions	*3.1*	195,880	159,720
Customer transactions	*3.2*	2,430	2,146
Bonds and other fixed-income securities	*3.3*	68,116	39,574
Equities and other variable-income securities	*3.3*	1,462	1,408
Equity interests and other long-term investments	*3.4*	4,732	5,401
Investments in affiliates	*3.4*	22,471	21,944
Intangible assets	*3.5*	24	18
Property, plant & equipment	*3.5*	153	164
Treasury shares	*3.6*	0	1,902
Other assets	*3.8*	2,468	1,406
Accrual accounts	*3.9*	6,217	4,280
TOTAL ASSETS		**309,452**	**245,034**

Off-balance sheet items

in millions of euros	Notes	12/31/2011	12/31/2010
Commitments given			
Financing commitments	*4.1*	33,311	35,096
Guarantees	*4.1*	32,999	44,293
Commitments on securities		0	0

LIABILITIES

in millions of euros	Notes	12/31/2011	12/31/2010
Amounts due to central banks			
Amounts due to credit institutions	*3.1*	151,278	116,390
Customer transactions	*3.2*	44,721	6,140
Debt securities	*3.7*	65,347	60,256
Other liabilities	*3.8*	10,813	20,042
Accrual accounts	*3.9*	5,416	3,152
Provisions	*3.10*	1,072	964
Subordinated debt	*3.11*	11,870	15,058
Fund for general banking risks (FGBR)	*3.12*	130	1,000
Equity excluding fund for general banking risks	*3.13*	18,805	22,032
– Subscribed capital		467	564
– Additional paid-in capital		17,840	20,763
– Reserves		35	0
– Revaluation surplus		0	0
– Regulated provisions and investment subsidies		0	7
– Retained earnings		456	(193)
– Net income for the year (+/-)		7	891
TOTAL LIABILITIES		**309,452**	**245,034**

Off-balance sheet items

in millions of euros	Notes	12/31/2011	12/31/2010
Commitments received			
Financing commitments	*4.1*	14,666	45,953
Guarantees	*4.1*	1,805	2,513
Commitments on securities		96	127

5.3.3 Income statement

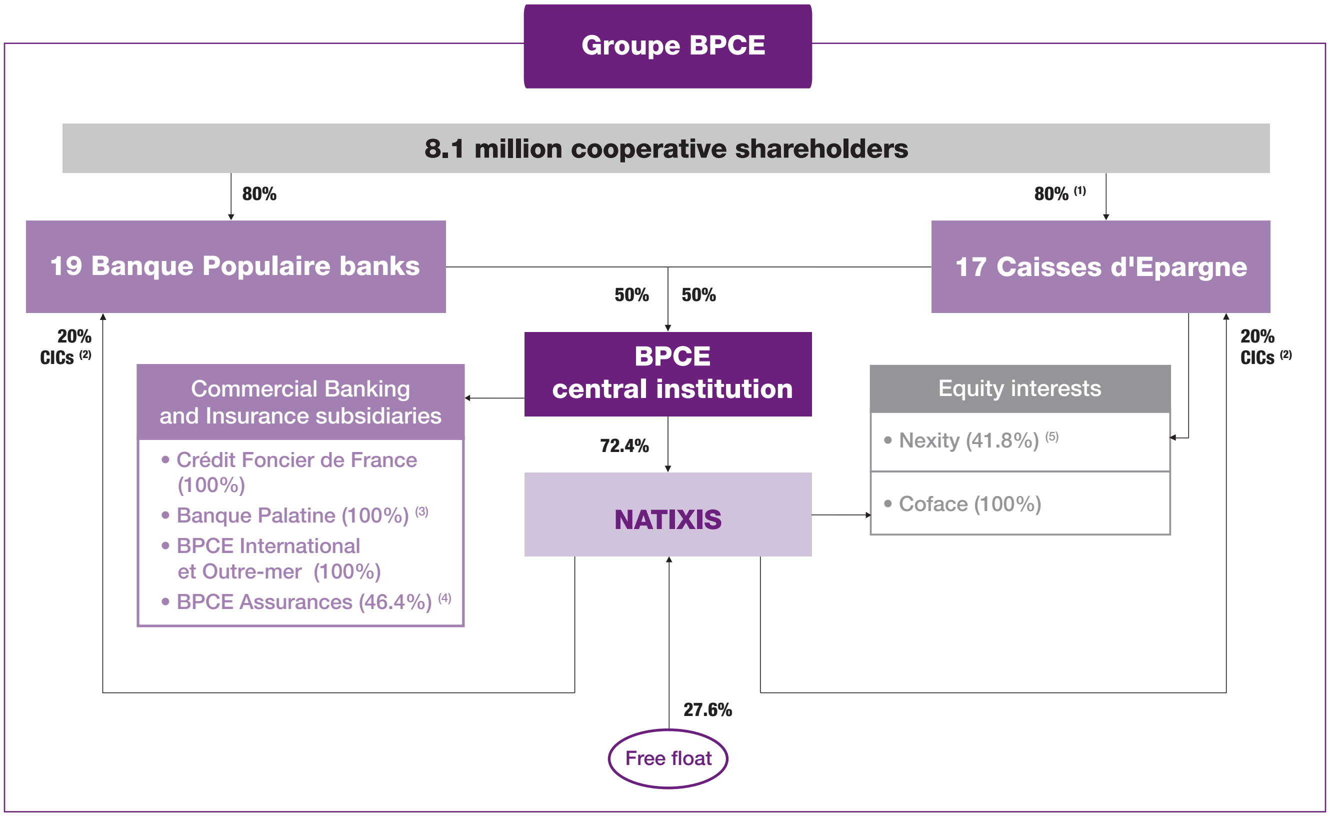
in millions of euros	Notes	Fiscal year 2011	Fiscal year 2010
Interest and similar income	*5.1*	7,042	5,566
Interest and similar expenses	*5.1*	(6,905)	(6,142)
Income from variable-income securities	*5.2*	950	826
Commission income	*5.3*	15	65
Commission expense	*5.3*	(99)	(106)
Net gains/(losses) on trading portfolio transactions	*5.4*	(91)	21
Net gains/(losses) on transactions on securities held for sale and the equivalent	*5.5*	(107)	38
Other banking income	*5.6*	96	107
Other banking expense	*5.6*	(64)	(70)
Net banking income		**837**	**305**
Operating expenses	*5.7*	(173)	(205)
Writedown, amortization and impairment of property, plant and equipment and intangible assets		(20)	(26)
Gross operating income		**644**	**74**
Cost of risk	*5.8*	(365)	13
Operating income		**279**	**87**
Net gains/(losses) on long-term investments	*5.9*	(1,288)	(184)
Income before tax		**(1,009)**	**(97)**
Non-recurring income	*5.10*	0	0
Income taxes	*5.11*	139	536
Funding/reversal of the fund for general banking risks and regulated provisions		877	452
NET INCOME		**7**	**891**

5.3.4 Notes to the parent company financial statements

Note 1 General background

1.1 GROUPE BPCE

The Groupe BPCE comprises the Banque Populaire network, the Caisse d'Epargne network, the BPCE central institution, and its subsidiaries.



Commercial Banking and Insurance

CIB, Investment Solutions and Specialized Financial Services

(1) *Via the local savings companies*
(2) *CICs: Cooperative Investment Certificates (economic interests, no voting rights)*
(3) *With the equity interest held by Crédit Foncier de France in Banque Palatine, the group owns a 100% stake in the company*
(4) *With the equity interest held by the Caisses d'Epargne in BPCE Assurances, the group owns a 60% stake in the company*
(5) *Via CE Holding Promotion.*

The two banking networks: the Banque Populaire banks and the Caisses d'Epargne

The Groupe BPCE is a cooperative group whose shareholders own the two retail banking networks, the 19 Banque Populaire banks and the 17 Caisses d'Epargne. Each of the two networks owns an equal share in BPCE, the Group's central institution.

The Banque Populaire network consists of the Banque Populaire banks and the mutual guarantee companies granting them the exclusive benefit of their guarantees.

The Caisses d'Epargne network consists of the Caisses d'Epargne et de Prévoyance, the local savings companies and the Fédération Nationale des Caisses d'Epargne.

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 local LSCs are cooperative structures with an open-ended share capital owned by cooperative shareholders. The LSCs are tasked with coordinating the cooperative shareholder base, in line with the general objectives defined by the individual Caisse d'Epargne to which they are affiliated and they cannot perform banking transactions.

BPCE

BPCE, a central institution as defined by French banking law and a credit institution licensed to operate as a bank, was created pursuant to Law No. 2009-715 of June 18, 2009. BPCE was incorporated as a *société anonyme* with a Management Board and a Supervisory Board, whose share capital is owned jointly and equally by the 19 Banque Populaire banks and the 17 Caisses d'Epargne.

BPCE's corporate mission embodies the continuity of the cooperative principles underlying 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 is the head entity of the Group and holds the joint ventures between the two networks in retail banking, corporate banking and financial services, and their production units. It defines the Group's corporate strategy and growth and expansion policies.

BPCE's main subsidiaries are organized around three major segments:

- Natixis, a listed structure held at 72.4%, including Corporate and Investment Banking, Savings, and Financial Services;
- Commercial Banking and Insurance (including Crédit Foncier de France, Banque Palatine and BPCE International et Outre-mer (formerly Financière Océor);
- Subsidiaries and Equity interests.

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.

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 associates, 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 associates to the fund's initial capital endowment and reconstitution.

BPCE manages the funds for the Banque Populaire network and the Caisse d'Epargne et de Prévoyance network and has put in place the Mutual Guarantee Fund.

The **Banque Populaire network fund** was formed by a deposit made by the Banks (450 million) that was booked by BPCE in the form of a 10-year time deposit which is indefinitely renewable.

The deposit made to the **fund for the Caisses d'Epargne et de Prévoyance network** by the Caisses (€450 million) was booked by BPCE in the form of a 10-year time deposit which is indefinitely renewable.

The **Mutual Guarantee Fund** has been formed by deposits made by the Banque Populaire banks and the Caisses d'Epargne. These deposits were booked by BPCE in the form of 10-year time deposits which are indefinitely renewable. The amount of the deposits was €217 million as of December 31, 2011, and the funds will be topped up each year by an amount equivalent to 5% of the contributions made by the Banque Populaire banks, the Caisses d'Epargne, and their subsidiaries to the Group's consolidated income.

The total amount of deposits made to BPCE in respect of the funds for the Banque Populaire network, the fund for the Caisse d'Epargne et de Prévoyance network and the Mutual Guarantee Fund may not be less than 0.15% and may not exceed 0.3% 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.

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.

Activation of a guarantee mechanism in respect of Natixis for part of its assets placed in the workout portfolio (GAPC)

The guarantee system shielding Natixis against the risk of future losses and earnings volatility relating to the workout portfolio (GAPC), announced in August 2009, was formally approved by the governing Boards of BPCE and Natixis on November 12, 2009, with retroactive effect as of July 1, 2009.

This guarantee system was approved by the French Banking Commission and is based on two mechanisms:

- a "risk pooling" agreement, with the features of a financial guarantee, covering 85% of the assets booked as "held-to-maturity securities", "trading securities", "available-for-sale securities" and "receivables". Under this guarantee, BPCE will compensate Natixis as of the first euro of default, for up to 85% of the total when there is default in terms of:
  - the payment of a coupon,
  - repayment of the nominal amount.

  The financial guarantee agreement stipulates that Natixis must pay a premium of €1,183 million to BPCE. This premium corresponds to:
  - the estimated losses on securities based on the recoverable value at June 30, 2009, insofar as BPCE guarantees the securities for their nominal value,
  - the remuneration of the guarantee;
- three TRS (Total Return Swaps), two in euros and one in dollars, transferring 85% of the income on the portfolio of financial instruments defined in the contracts recognized since July 1, 2009 to BPCE. The instruments covered by the TRS are mostly securities classified as "trading securities", and to a lesser extent "available-for-sale securities".

At the same time, Natixis has set up a call option with BPCE whereby it can benefit from profits on this portfolio in 10 years' time in exchange for the payment of a premium of €367 million.

Mechanism implemented to protect the proprietary trading activities of the former CNCE

A special protection mechanism was set up in 2010 to enable the Caisses d'Epargne to keep some economic exposures. This guarantee granted by the Caisses d'Epargne relates to the propriety activities of the former-CNCE managed on a run-off basis. It has the form of total return swaps (TRS) entered into by Triton (wholly-owned by the Caisses d'Epargne) with BPCE and exchanging the performance of the portfolio against a fixed fee.

1.3 SIGNIFICANT EVENTS

Repayment of the French government for preferred shares and deeply subordinated notes

In March 2011, BPCE bought back €1.2 billion in preference shares and proceeded with the buy-back of €1 billion in deeply subordinated notes held by the *Société de Prise de Participation de l'État* (SPPE), the 100% state-owned investment company.

With the completion of these two transactions, BPCE has fully reimbursed the French state.

Creation of a single treasury and collateral management arrangement between BPCE and Natixis

In a context of market instability, increasingly scarce liquidity in Europe and heightened competition between players, cash management has become a major focus for all banking institutions.

In summer 2010, the teams of BPCE, Natixis and Crédit Foncier launched the large-scale "Liquidity Strategy" project to secure and optimize liquidity access for the entire group and its businesses. In May 2011, a single treasury and collateral management arrangement between BPCE and Natixis was created. BPCE and Natixis' treasury and central bank collateral management teams were merged in June 2011 and are now under a single structure for managing BPCE and Natixis debt issues.

Governance

The BPCE Supervisory Board Meeting of December 15, 2011 appointed Yves Toublanc as Chairman as of January 2, 2012, replacing Philippe Dupont who remains a member of the Supervisory Board. Stève Gentili was appointed Vice-Chairman of the Supervisory Board.

These appointments form part of the governance rules defined when BPCE was created on July 31, 2009. Yves Toublanc and Stève Gentili each have terms of two years.

Complete transfer of SIBP's assets and liabilities

Following the total transfer of SIBP's assets and liabilities (*Transmission universelle de patrimoine* – TUP) to BPCE over the year, BPCE has a direct stake of 17.76% in Austrian holding company VBI (Volksbank International AG), which aims to acquire shareholdings in banks in Eastern Europe.

Sale of Foncia

During July 2011, BPCE sold its entire 98% holding in Foncia. Following this transaction, BPCE holds 18.34% of RES I, the holding company that now owns Foncia.

Creation of a new issuance vehicle

Over 2011, BPCE SFH (a new credit institution licensed as a housing finance company of Groupe BPCE) was created and is wholly-owned by BPCE. On May 3, 2011 BPCE SFH launched its inaugural issue for a total of €2 billion. It was the first benchmark housing finance bond issue on the euro market.

Groupe BPCE is now present on the covered bond market through BPCE SFH, its housing finance bond issuer, and Compagnie de Financement Foncier, its covered bonds issuer.

Creation of the BPCE home loans securitized mutual fund (fonds commun de titrisation – FCT)

BPCE created a securitized mutual fund, FCT BPCE home loans, that issues AAA-rated senior notes, and guaranteed by assets held by the 17 Banques Populaires, CASDEN Banque Populaire, Crédit Coopératif and the 17 Caisses d'Epargne et de Prévoyance. At December 31, 2011, BPCE borrowed €39 billion from BPCE home loans and then purchased BCPE Home Loans securities for the same amount in order to raise the Group's liquidity safety margin.

Risk assessment on Greek sovereign debt and determination of fair value

The lack of market liquidity, particularly since the second quarter of 2011 on Greek government bonds, has led the Group to use a valuation model to determine their fair value.

In this respect, and in the absence of observable market prices on the lines held, and doubts on how the negotiated rescue package will be implemented, BPCE observed an aggregated decline in Greek securities in 2011 representing an average of 70% of the par value. This observation is consistent with estimates on the best possible outcome of the private sector's exceptional participation in the rescue package.

These forecasts anticipate the exchange of an old security with a par value of 100 against European Financial Stability Facility securities (with a par value of around 15) and Greek government securities (with a par value of around 35), as well as a 50% loss in par value. Moreover, government-issued Greek securities are expected to pay a lower interest rate than that of the market, thus generating an additional loss in the current value.

The outstanding amounts from BPCE due to Greek debt stand at €10 million. This risk is fully hedged *via* a guarantee mechanism that transfers risk to Triton, a Caisse d'Epargne subsidiary.

Reversal of the Fund for General Banking Risks

For the closing of its 2011 parent company financial statements, BPCE decided to withdraw €870 million from its fund for general banking risks, taking the fund to €130 million after the reversal.

Redemption of hybrid securities on the markets

In October 2011, BPCE proceeded with the partial early redemption of issued undated deeply subordinated securities. Overall, €1,183 million in securities were acquired at par value, i.e. a net post-tax gain of €250 million.

1.4 EVENTS AFTER THE BALANCE SHEET DATE

Disposal of Banca Carige

Continuing its policy of centralizing all its international subsidiaries and Equity interests, on January 2, 2012 BPCE sold its entire stake in Banca Carige to its subsidiary BPCE IOM.

VBI (Volksbank International AG)

The disposal of VBI AG, a holding company under Austrian law, was initiated in 2011 with the complete transfer of assets and liabilities by SIBP to BPCE and was completed in February 2012, with the exception of VBI Romania (a subsidiary of VBI AG). Following this transaction, BPCE only has a minority holding of 24.5% in VBI Romania, *via* the holding company VBI Beteiligungs GmbH.

P3CI

In January 2012, BPCE and Natixis carried out a transaction designed to optimize Natixis' Core Tier 1 ratio *via* a guarantee mechanism based on the prudential value of the CICs issued by the Banque Populaire banks and the Caisses d'Epargne and accounted for using the equity method.

Under the mechanism, named P3CI, BPCE subscribed for all the new bonds issued by Natixis, for an amount totaling €6.9 billion.

Natixis simultaneously redeemed deeply subordinated notes held by BPCE in the amount of €2.3 billion.

This reduced Natixis' risk-weighted assets by around €25.6 billion, or around 18% of its risk-weighted assets prior to the P3CI deal.

Disposal of the Masseran building

On January 17, 2012 BPCE sold the building named "Hôtel de Boisgelin", principally used as offices, located in Paris (75007) at 5 rue Masseran, 1 rue Eblé and 50 boulevard des Invalides, for which it held freehold rights, to the SNC Ecureuil 5 rue Masseran partnership.

Note 2 Accounting principles and methods

2.1 MEASUREMENT AND PRESENTATION METHODS

BPCE's parent company financial statements are prepared and presented in accordance with rules that comply with the regulations of the *Autorité des normes comptables,* the French accounting standards authority. In application of Regulation no. 91-01 of the CRBF, the financial statements are presented in accordance with the provisions of Regulations no. 2000-03 and no. 2005-04 of the *Comité de la réglementation comptable* on parent company financial statements.

2.2 CHANGES IN ACCOUNTING METHODS

There were no changes to accounting methods in respect of the 2011 fiscal year.

The texts adopted by the *Autorité des normes comptables* that had mandatory application in 2011 did not have a significant impact on the parent company's financial statements.

Unless otherwise stated, BPCE did not elect to apply in advance the texts adopted by the *Autorité des normes comptables* for which application is optional.

2.3 ACCOUNTING PRINCIPLES AND MEASUREMENT METHODS

The year's financial statements are presented in the same form as the previous year's statements. The general accounting principles were applied in observance of the principle of prudence, 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.

The principal methods used are as follows:

2.3.1 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 *pro rata* 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.

2.3.2 Transactions with credit institutions and customers

Loans and advances to credit institutions cover all loans and advances made 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 advances 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. Amortized marginal transaction costs and commissions are included in the relevant loan.

Amounts due to credit institutions are classified into demand deposits and current accounts or term 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.

Doubtful loans and receivables

Doubtful 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.

Doubtful 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 doubtful 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 doubtful loans.

Impairment for probable losses includes all impairment charges, calculated as the difference between the principal outstanding and the forecast cash flows discounted at the initial effective interest rate.

Non-performing loans and receivables are written off as losses and the corresponding impairment allowances are reversed.

2.3.3 Securities

"Securities" covers interbank market securities, treasury bills and money market securities, 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 according to 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. Changes in impairment are 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 available-for-sale portfolio transactions and similar items".

Held-to-maturity securities

These include fixed-income securities with fixed maturity that were acquired or have been reclassified from "Trading securities" or "Available-for-sale securities" 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 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 or if there is a risk of default by the issuer. Unrealized capital gains are not recognized.

Debt securities held to maturity cannot be sold or transferred into another category of securities, with certain exceptions.

However, fixed-income trading securities or 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 in 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 investment 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. An impairment charge 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. This regulation is based on Opinion 2008-19 of December 8, 2008 which dealt with the reclassification of securities out of the "trading 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:

- under exceptional market circumstances necessitating a change of strategy;
- 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:

- under exceptional market circumstances necessitating a change of strategy;
- where fixed-income securities are no longer negotiable on active markets.

2.3.4 Intangible assets and property, plant and equipment

Accounting rules for intangible assets and property, plant and equipment are defined by:

- CRC Regulation 2004-06 covering the recognition and valuation of assets; and
- CRC Regulation 2002-10 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.

Property, plant & 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 financial year.

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 60 years
Roofs	25 years
Elevators	15 years
Heating and air conditioning installations	10 years
Signage and facade elements	5 to 10 years
Openings (doors and windows)	20 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.

2.3.5 Debt securities

Debt securities are presented based on the nature of the underlying: retail certificates of deposit, interbank and money market securities, bonds 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 charges account.

2.3.6 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.

2.3.7 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 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.

These benefits can be broken down 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 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.

2.3.8 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.

2.3.9 Futures contracts

Trading and hedging transactions in interest rate, currency or equity futures are recognized in accordance with the amended provisions of CRBF Regulations no. 88-02 and no. 90-15, as amended by Instruction 94-04 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.

Forward transactions

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 a trading portfolio.

Amounts received or paid in respect of the first two categories are recognized in income on a *pro rata* 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 "Net gain or loss 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 *pro rata* 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 capital 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 "Net gain or loss on trading portfolio transactions".

Balances on terminations or transfers 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 amortized over the remaining term of the initially hedged item or reported immediately on the income statement.

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.

2.3.10 Interest and similar commission income

Interest and similar commission income is recognized on a *pro rata* basis.

Commissions and fees related to granting or acquiring a loan are treated as additional interest amortized over the effective life of the loan, on a *pro rata* basis according to the outstanding amount due.

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.

2.3.11 Income from variable-income securities

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.

2.3.12 Income taxes

As of 2010 BPCE opted to apply 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 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 Group, BPCE signed a tax consolidation agreement with members of its group (including the 19 Banque Populaire banks, the 17 Caisses d'Epargne, and BPCE subsidiaries, including BPCE IOM, Crédit Foncier de France, Banque Palatine, BP Covered Bonds, GCE Covered Bonds and BPCE SFH).

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 2011, corrected to reflect the impact of tax consolidation upon the Group.

Note 3 Information on the balance sheet

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	12/31/2011	12/31/2010
Demand accounts	**8,304**	**8,604**
– Current accounts	1,511	4,335
– Overnight loans	6,774	4,249
– Securities received under demand repurchase agreements	0	0
– Unallocated items	13	11
– Accrued interest on demand accounts	6	9
Term accounts	**187,576**	**151,116**
– Term accounts and loans	171,861	141,989
– Subordinated and participating loans	4,851	5,614
– Securities received under term repurchase agreements	10,029	2,885
– Accrued interest on term accounts	835	628
Doubtful loans and receivables	**97**	**95**
o/w irrecoverable doubtful loans	*97*	*95*
Impairment of interbank loans and receivables	**(97)**	**(95)**
o/w impairment of irrecoverable doubtful loans	*(97)*	*(95)*
TOTAL	**195,880**	**159,720**

Receivables arising from transactions with the network break down into €2,379 million in demand accounts, and €175,988 million in term accounts.

LIABILITIES

in millions of euros	12/31/2011	12/31/2010
Demand accounts	**14,742**	**15,871**
– Current accounts	10,072	13,826
– Overnight deposits	4,649	1,995
– Securities given under demand repurchase agreements	0	0
– Other amounts due	13	41
– Accrued interest on demand accounts	8	9
Term accounts	**136,536**	**100,519**
– Term accounts and loans	123,104	91,748
– Securities given under term repurchase agreements	12,634	8,089
– Accrued interest payable on term loans	798	682
TOTAL	**151,278**	**116,390**

Payables arising from transactions with the network break down into €10,154 million in demand accounts, and €76,160 million in term accounts.

3.2 CUSTOMER TRANSACTIONS

3.2.1 Customer transactions

RECEIVABLES DUE FROM CUSTOMERS

Assets *in millions of euros*	**12/31/2011**	**12/31/2010**
Current accounts with overdrafts	882	60
Commercial loans	0	0
Customer loans	1,526	2,061
– Export credits	0	0
– Short-term and consumer credit facilities	79	108
– Equipment loans	1,113	1,486
– Overnight loans	0	377
– Home loans	0	0
– Other customer loans	0	0
– Securities received under term repurchase agreements	0	0
– Subordinated loans	79	70
– Other	255	20
Accrued interest	22	25
Doubtful loans and receivables	53	63
Impairment of loans and advances to customers	(53)	(63)
TOTAL	**2,430**	**2,146**

Other customer loans in the amount of €1,526 million are presented net of an €8 million discount.

CUSTOMER DEPOSITS

Liabilities *in millions of euros*	**12/31/2011**	**12/31/2010**
Other accounts and loans from customers[(1)]	44,648	6,101
Security deposits	0	0
Other amounts due	0	0
Accrued interest	73	39
TOTAL	**44,721**	**6,140**

(1) Breakdown of accounts and loans from customers.

Breakdown of other accounts and loans from customers	**12/31/2011**			**12/31/2010**		
in millions of euros	**Demand**	**Term**	**Total**	**Demand**	**Term**	**Total**
Current accounts	1,822		1,822	2,754		2,754
Loans from financial sector clients[(1)]		41,728	41,728		3,347	3,347
Securities sold under repurchase agreements			0			0
Other accounts and loans		1,098	1,098			0
TOTAL	**1,822**	**42,826**	**44,648**	**2,754**	**3,347**	**6,101**

(1) o.w. €39,000 million with the BPCE home loans FCT.

3.2.2 Breakdown of outstanding loans by sector

in millions of euros	Performing loans and receivables	Doubtful loans and receivables		o/w Irrecoverable doubtful loans and receivables	
		Gross	Individual impairment	Gross	Individual impairment
Non-financial companies	1,278	4	(4)	4	(4)
Self-employed customers					
Retail customers					
Non-profit institutions					
Government and social security institutions	133				
Other	1,019	49	(49)	49	(49)
TOTAL AT DECEMBER 31, 2011	**2,430**	**53**	**(53)**	**53**	**(53)**
TOTAL AT DECEMBER 31, 2010	**2,146**	**63**	**(63)**	**63**	**(63)**

3.3 TREASURY BILLS, BONDS, EQUITIES AND OTHER FIXED- AND VARIABLE-INCOME SECURITIES

3.3.1 Securities portfolio

in millions of euros	12/31/2011				12/31/2010			
	Trading securities	Available-for-sale securities	Held-to-maturity securities	Total	Trading securities	Available-for-sale securities	Held-to-maturity securities	Total
Treasury bills and equivalents	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
– Gross amount				0				0
– Accrued interest				0				0
– Impairment				0				0
Bonds and other fixed-income securities	**9,143**	**57,914**	**1,059**	**68,116**	**17,983**	**20,324**	**1,267**	**39,574**
– Gross amount	9,143	57,938	1,104	68,185	17,983	20,327	1,454	39,764
– Accrued interest		96	9	105		52	7	59
– Impairment	0	(120)	(54)	(174)		(55)	(194)	(249)
Equities and other variable-income securities		**1,462**		**1,462**		**1,408**		**1,408**
– Gross amounts		1,568		1,568		1,512		1,512
– Accrued interest				0				0
– Impairment		(106)		(106)		(104)		(104)
TOTAL	**9,143**	**59,376**	**1,059**	**69,578**	**17,983**	**21,732**	**1,267**	**40,982**

Greek government bonds

BPCE is preparing to exchange all its Greek sovereign debt securities (€10 million in nominal value) for new securities. The capital loss generated on this transaction, with reference to average market prices observed between the balance sheet date and the date of the rescue package of October 27, 2011, which provides for a 50% contribution by banks holding Greek debt, has no impact on BPCE's parent company financial statements as these securities are hedged by total return swaps. The interest rate hedges for these securities have been reclassified as isolated open positions and will be closed when the securities are exchanged.

Italian, Portuguese, Spanish and Irish government bonds

BPCE has no direct exposure to Portuguese, Spanish or Irish government bonds.

It holds €10 million (nominal value) in Italian securities in the available-for-sale portfolio. The unrealized loss has no impact on BPCE's parent company financial statements as these securities are hedged by total return swaps.

BPCE holds €3 million (nominal value) in Italian securities in the held-to-maturity portfolio. At December 31, 2011, no counterparty risk indicator justifying the impairment of these securities had been identified. For information, the market value of these securities stands at €2.9 million.

BONDS AND OTHER FIXED-INCOME SECURITIES

	12/31/2011				12/31/2010			
in millions of euros	Trading securities	Available-for-sale securities	Held-to-maturity securities	Total	Trading securities	Available-for-sale securities	Held-to-maturity securities	Total
Listed securities		56,156	81	56,237		5,250	146	5,396
Unlisted securities		892	969	1,861		14,452	1,114	15,566
Securities loaned	812	770		1,582		570		570
Securities borrowed	8,331			8,331	17,983			17,983
Doubtful loans and receivables				0				0
Accrued interest	0	96	9	105		52	7	59
TOTAL	**9,143**	**57,914**	**1,059**	**68,116**	**17,983**	**20,324**	**1,267**	**39,574**
o/w subordinated notes		*3*	*116*	*119*		*3*	*112*	*115*

Unrealized capital losses subject to an impairment provision on available-for-sale securities were €166 million on December 31, 2011, compared to €144 million on December 31, 2010.

Unrealized capital gains on available-for-sale securities amounted to €14 million on December 31, 2011, compared to €12 million on December 31, 2010.

Unrealized capital gains on held-to-maturity securities amounted to €5 million at December 31, 2011, compared with €11 million at December 31, 2010.

Unrealized capital losses subject to an impairment provision to cover counterparty risk for held-to-maturity securities totaled €83 million on December 31, 2011, compared to €216 million on December 31, 2010.

None of the bonds and other fixed-income securities was issued by public bodies.

EQUITIES AND OTHER VARIABLE-INCOME SECURITIES

	12/31/2011			12/31/2010		
in millions of euros	Trading securities	Available-for-sale securities	Total	Trading securities	Available-for-sale securities	Total
Listed securities		1,162	1,162		1,112	1,112
Unlisted securities		300	300		296	296
Accrued interest			0			0
TOTAL	**0**	**1,462**	**1,462**	**0**	**1,408**	**1,408**

As of December 31, 2011, equities and other variable-income securities included €1,289 million in mutual funds, with accumulation funds accounting for €1,114 million of this total (€1,228 million in mutual funds, with accumulation funds accounting for €1,002 million of the total as of December 31, 2010).

For available-for-sale securities, unrealized capital losses subject to impairment amounted to €70 million at December 31, 2011, compared with €75 million at December 31, 2010.

Unrealized capital gains on available-for-sale securities were €69 million on December 31, 2011, compared with €48 million on December 31, 2010.

3.3.2 Changes in held-to-maturity securities

in millions of euros	12/31/2010	Purchases	Disposals	Redemptions	Conversion	Discount/ surplus	Other changes	12/31/2011
Government securities	0							0
Bonds and other fixed-income securities	1,267	60	(206)	(76)	7	2	5	1,059
TOTAL	**1,267**	**60**	**(206)**	**(76)**	**7**	**2**	**5**	**1,059**

3.3.3 Reclassifications of assets

In 2011, BPCE reclassified no 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 securities" and "Available-for-sale securities" categories.

Type of reclassification *in millions of euros*	Reclassified amount on the reclassification date		Balance of the reclassified amount on the balance sheet date	Unrealized capital gains and losses that would have been recognized without reclassification	Unrealized capital losses that would have been recognized without reclassification	Year's result in respect of reclassified securities
	Previous years	Fiscal year 2011	12/31/2011			
From Trading securities to Held-to-maturity securities	745		433	(14)		10
From Trading securities to Available-for-sale securities	523		445	(78)		14
From Available-for-sale securities to Held-to-maturity securities	1,312		446		(42)	20

BPCE decided to change its management strategy for these securities affected by the lack of market liquidity. BPCE now plans to hold them at least until liquidity returns to the market. More than 90% of reclassified securities were securitizations not listed on an active market.

During fiscal year 2011, the sale of reclassified securities in the held-to-maturity securities category represented €205 million.

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	12/31/2010	Increase	Decrease	Conversion	Other movements(1)	12/31/2011
Gross amount	**29,215**	**2,696**	**(2,188)**	**23**	**(64)**	**29,682**
– Equity interests and other long-term investments	5,689	99	(861)	23	203	5,153
– Investments in affiliates	23,526	2,597	(1,327)	0	(267)	24,529
o/w current account advances & perpetual subordinated notes	*4,573*	*14*	*(836)*	*23*	*0*	*3,774*
Impairment	**(1,870)**	**(1,315)**	**706**	**0**	**0**	**(2,479)**
– Equity investments and other long-term investments	(288)	(170)	37	0	0	(421)
– Investments in affiliates	(1,582)	(1,145)	669	0	0	(2,058)
o/w current account advances & perpetual subordinated notes	*0*	*0*	*0*	*0*	*0*	*0*
TOTAL LONG-TERM INVESTMENTS	**27,345**	**1,381**	**(1,482)**	**23**	**(64)**	**27,203**

(1) *Other changes concern the complete transfer of assets and liabilities of SIBP. This transaction resulted in the removal of SIBP securities for -€267 million and the addition of Volksbank International AG securities for €203 million.*

Real estate company shares are non-material.

The principal Equity interests acquired in 2011 include:

- subscription to the Crédit Foncier de France capital increase (€1,500 million);
- payment of Natixis dividends in shares (€479 million);
- subscription to the BPCE IOM capital increase (€265 million);
- acquisition of BPCE SFH securities (€200 million);
- acquisition of RES1 shares (€40 million) in connection with the disposal of Foncia securities;
- subscription to the BPCE Immobilier Exploitation capital increase (€57 million);
- subscription to Oterom capital increase (€28 million).

The principal reductions in Equity interests executed in 2011 were:

- the disposal of Foncia securities (€1,325 million);
- the disposal of Serena securities (€11 million).

The largest reductions in perpetual subordinated notes (€824 million) during the period concerned Natixis.

The largest provisions for impairment in Equity interests were as follows:

- Crédit Foncier de France (€1,038 million);
- Volksbank International AG (€128 million);
- BPCE Immobilier Exploitation (€61 million);
- Oterom (€28 million);
- Banca Carige (€23 million);
- GCE Participations (€18 million).

The following were the largest reversals for impairment in Equity interests:

- Foncia (€489 million);
- Banque Palatine (€119 million);
- BPCE Immobilier Exploitation (€22 million);
- SIBP (SAS) (€19 million);
- BPCE IOM (€12 million);
- Serena (€11 million).

3.4.2 Table of subsidiaries and equity investments

These amounts are expressed in millions of euros.

Subsidiaries and ownership interests	Equity 12/31/2010	Equity interests other than share capital (incl. fund for general banking risks, as appropriate) as of 12/31/2010	% interest held as of 12/31/2011	Carrying amount of shares held	
				Gross	Net
A. Detailed information concerning each security whose gross value exceeds 1% of the parent company's capital					
1. Subsidiaries (over 50%-held)					
Natixis (SA) – 30, avenue Pierre-Mendès-France – 75013 Paris	4,653	8,756	72.26%	15,269	15,269
Crédit Foncier de France – 19, rue des Capucines – 75001 Paris	904	794	100.00%	3,682	2,644
Holassure – 5, rue Masseran – 75007 Paris	935	277	100.00%	1,768	1,768
BPCE International et Outre-mer – 88, avenue de France – 75013 Paris	617	177	100.00%	1,478	894
Banque Palatine – 42, rue d'Anjou – 75008 Paris	539	150	91.67%	1,024	851
GCE Covered Bonds – 50, avenue Pierre-Mendès-France – 75013 Paris	225	7	98.56%	222	222
GCE Capital (SAS) – 5, rue de Monttessuy – 75007 Paris	100	1	100.00%	100	100
BPCE Domaines (SAS) – 50, avenue Pierre-Mendès-France – 75013 Paris	53	(2)	100.00%	99	65
Oterom Holding – 5, rue Masseran – 75007 Paris	22	(62)	100.00%	121	0
Banques Populaires Covered Bonds – 50, avenue Pierre-Mendès-France – 75013 Paris	80	0	99.99%	80	80
S.E. MAB 19, Rue Leblanc – 75015 Paris	55	53	65.93%	78	40
Ponant Plus (SCI) – 50, avenue Pierre-Mendès-France – 75013 Paris	50	(7)	100.00%	50	44
GCE Foncier Co Invest (SAS) – 19, rue des Capucines – 75001 Paris	91	1	51.00%	46	46
ECUFONCIER – 19, rue des Capucines – 75001 Paris	30	3	95.00%	28	28
Haute Claire SNC – 5, rue Masseran – 75007 Paris	11	(4)	99.80%	28	0
BPCE Immobilière Exploitation – 5, rue Masseran – 75007 Paris	23	(60)	100.00%	79	18
BANKEO (SNC) – 50, avenue Pierre-Mendès-France – 75013 Paris	20	(26)	60.00%	12	0
GCE IDA 007 (SAS) – 5, rue Masseran – 75007 Paris	8	(1)	100.00%	8	7
GCE Participations – 5, rue Masseran – 75007 Paris	1	0	100.00%	22	0
BPCE SFH – 50, avenue Pierre-Mendès-France – 75013 Paris	0	0	100.00%	200	200
Albiant IT – 50, avenue Pierre-Mendès-France – 75013 Paris	25	(4)	97.00%	48	48
2. Affiliates (between 10%- and 50%-held)					
DV Holding – 26, rue Remy-Dumoncel – 75014 Paris	70	18	17.00%	55	55
BPCE Assurances – 88, avenue de France – 75013 Paris	62	112	46.38%	134	134
Informatique Banque Populaire – 23, place de Wicklow – 78180 Montigny le Bretonneux	90	(16)	29.52%	31	31
Société de financement de l'économie française – 39, rue Croix-des-Petits-Champs 75001 Paris	50	1	18.86%	9	9
VIGEO – 40, rue Jean-Jaurès – 93170 Bagnolet	17	(10)	34.74%	6	3
Banque BCP Paris – 14, avenue Franklin-Roosevelt – 75008 Paris	70	13	30.00%	39	39
VBI Beteiligngs Gmbh Peregringasse 3 – 1090 Vienna – Austria	0	370	24.50%	77	77
VolksBank International AG -BI Beteiligungs Gmbh Peregringasse 3 – 1090 Vienna – Austria	64	900	17.76%	203	75
Banca Carige (SPA) – 15, *Via* Cassa Di Risparmio – 16123 Genova Italy	1,790	2,023	13.35%	524	354
Socram Banque – 2, rue du 24 février – 79000 Niort	70	116	33.42%	48	30
Pallas European Property Fund-111071- Amsterdam	15	(11)	34.45%	5	0
RES1 – 25, rue Philippe II-L 2340 -Luxembourg	0	0	18.33%	40	40
B. General information concerning other instruments whose depreciable cost is less than 1% of the parent company's capital					
French subsidiaries (together)				38	36
Foreign subsidiaries (together)				1	1
Associations certificates				0	0
French companies				138	105
Other companies				114	114
o.w investments in listed companies				15,839	15,654

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 before tax for the year ended 12/31/2010	Net income/(loss) for the year ended 12/31/2010	Dividends received by the company during the fiscal year
70,624	20,779	19,392	285	479
3,423	616	2,181	108	75
		77	77	
3,202	408	23	(60)	
1,531	167	287	53	31
113		327	3	
		6	4	
		0	(2)	
	1	0	(41)	
0		335	0	
267	110	38	(1)	
2		4	0	
		0	0	
		0	0	
	8	3	(4)	
		10	(53)	
	1	7	(12)	
		0	0	
		0	(1)	
		0	0	
		14	(3)	
		5	3	
41		500	13	2
		274	(4)	
		3	0	
		7	0	
674	75	78	11	2
590		0	0	
		44	15	
		734	181	17
50	25	39	7	1
		0	0	
		0	0	
130	0			0
0	0			0
870	44			4
14	0			2

3.4.3 Companies established with unlimited liability

Company name	Head office	Legal form
GIE CE Syndication risque	5, rue Masseran – 75007 Paris	GIE
GIE Partenariat CEMM	17/21, place Etienne Pernet – 75015 Paris	GIE
GIE Ecolocale	50, avenue Pierre-Mendès-France – 75201 Paris Cedex 13	GIE
GIE Ecureuil crédit	27-29, rue de la Tombe-Issoire – 75673 Paris Cedex 14	GIE
GIE BPCE Achats	12/20, rue Fernand-Braudel – 75013 Paris	GIE
GIE ITCE	50, avenue Pierre-Mendès-France – 75201 Paris Cedex 13	GIE
GIE GCE Mobiliz	50, avenue Pierre-Mendès-France – 75201 Paris Cedex 13	GIE
GIE S'Miles	18, rue de Londres – 75009 Paris	GIE
GIE Trade	50, avenue Pierre-Mendès-France – 75013 Paris Cedex 13	GIE
SCI CIG – SCI Congolaise Immobilière de gestion	Avenue Amilcar-Cabral – Brazzaville – CONGO	SCI
SCI Ponant plus	50, avenue Pierre-Mendès-France – 75013 Paris Cedex 13	SCI
SCI de la vision	35, rue de la Gare – 75019 Paris	SCI
SNC Bankéo	50, avenue Pierre-Mendès-France – 75013 Paris Cedex 13	SNC
SNC Terrae	42, boulevard Eugène-Deruelle – 69003 Lyon	SNC
SNC Haute claire	50, avenue Pierre-Mendès-France – 75013 Paris Cedex 13	SNC
SNC Salf 1	42, boulevard Eugène-Deruelle – 69003 Lyon	SNC
SNC Salf 2	42, boulevard Eugène-Deruelle – 69003 Lyon	SNC

3.4.4 Related-party transactions

	12/31/2011			12/31/2010
in millions of euros	Credit institutions	Other companies	Total	Total
Receivables	**77,016**	**319**	**77,335**	**47,982**
o/w subordinated items	*2,188*	*56*	*2,244*	*2,304*
Payables	**42,026**	**41,226**	**83,252**	**40,231**
o/w subordinated items	*102*	*0*	*102*	*0*
Commitments given	**22,045**	**148**	**22,193**	**27,494**
– Financing commitments	9,970	112	10,082	10,922
– Guarantees	12,075	36	12,111	16,572
– Other commitments given	0	0	0	0
Commitments received	**4,011**	**0**	**4,011**	**6,245**
– Financing commitments	1,282	0	1,282	277
– Guarantees	2	0	2	3
– Other commitments received	2,727	0	2,727	5,965

3.5 INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

3.5.1 Intangible assets

in millions of euros	12/31/2010	Increase	Decrease	Other movements	12/31/2011
Gross amount	**73**	**18**	**0**	**(3)**	**88**
– Lease rights and business assets	2				2
– Software	71	18		(3)	86
– Other	0				0
Depreciation, amortization and impairment	**(55)**	**(9)**	**0**	**0**	**(64)**
– Lease rights and business assets	0				0
– Software	(53)	(9)			(62)
– Other	0				0
– Impairment	(2)				(2)
NET AMOUNT OF INTANGIBLE ASSETS	**18**	**9**	**0**	**(3)**	**24**

3.5.2 Property, plant & equipment

in millions of euros	12/31/2010	Increase	Decrease	Other movements	12/31/2011
Gross amount	**297**	**8**	**0**	**(1)**	**304**
Operating property, plant and equipment	**146**	**5**	**0**	**(19)**	**132**
– Land	2			(2)	0
– Buildings	17			(15)	2
– Shares in non-trading real estate companies	0				0
– Other	127	5		(2)	130
Non-operating property, plant, and equipment	**151**	**3**		**18**	**172**
Depreciation, amortization and impairment	**(133)**	**(18)**	**0**	**0**	**(151)**
Operating property, plant and equipment	**(94)**	**(11)**	**0**	**10**	**(95)**
– Land	0				0
– Buildings	(9)			9	0
– Shares in non-trading real estate companies	0				0
– Other	(85)	(11)		1	(95)
Non-operating property, plant, and equipment	**(39)**	**(7)**		**(10)**	**(56)**
NET AMOUNT OF PROPERTY, PLANT AND EQUIPMENT	**164**	**(10)**	**0**	**(1)**	**153**

3.6 TREASURY SHARES

The 3,860,000 category C shares of nominal value €58 million bought back by BPCE in 2010 were canceled in 2011.

At December 31, 2011 BPCE held no treasury shares.

3.7 DEBT SECURITIES

in millions of euros	12/31/2011	12/31/2010
Certificates of deposit and savings bonds	0	0
Interbank market instruments and money market instruments	29,186	29,497
Bond Issues	35,796	30,434
Other debt securities	0	0
Accrued interest	365	325
TOTAL	**65,347**	**60,256**

The amount of bond issue and redemption premiums remaining to be amortized totaled €1,109 million.
The unamortized balance corresponds to the difference between the amount initially received and the redemption price for debt securities.

3.8 OTHER ASSETS, OTHER LIABILITIES

	12/31/2011		12/31/2010	
in millions of euros	Assets	Liabilities	Assets	Liabilities
Remaining payments due on Equity interests	0	26	0	38
Securities settlement accounts	0	0	86	23
Premiums on options bought and sold	52	413	14	376
Debt on borrowed securities and other securities debt	0	9,143	0	17,983
Tax and social security receivables and liabilities	837	743	880	644
Security deposits paid and received	22	436	345	932
Other non-trade receivables, other accounts payable	1,557	52	81	46
TOTAL	**2,468**	**10,813**	**1,406**	**20,042**

Initial margins received include, notably, €436 million received in connection with the guarantee granted by BPCE for part of the Natixis assets placed in the workout portfolio (GAPC).

3.9 ACCRUAL ACCOUNTS

	12/31/2011		12/31/2010	
in millions of euros	Assets	Liabilities	Assets	Liabilities
Foreign exchange commitments	0	388	149	0
Deferred gains and losses on hedged forward financial instruments	119	542	137	368
Issue premiums and flotation costs	1,364	68	718	76
Prepaid expenses and unearned income	75	448	75	447
Accrued income/expenses(1)	1,203	760	1,148	704
Items in process of collection	3,426	2,718	2,017	1,533
Other	30	492	36	24
TOTAL	**6,217**	**5,416**	**4,280**	**3,152**

(1) Accrued income mainly comprised accrued interest on swaps (€994 million). Accrued expenses mainly comprised accrued interest on swaps (€569 million).

3.10 PROVISIONS

3.10.1 Statement of changes in provisions

in millions of euros	12/31/2010	Charges	Resources	Reversals	Conversion	12/31/2011
Provisions for counterparty risk	89	176	(4)	(85)		176
Provisions for employee benefit liabilities	58	2	(7)	(2)		51
Provisions for litigation	150	105	(8)	(5)		242
Provisions for restructuring costs	7	0	(2)	0		5
Other provisions for contingencies	660	158	(196)	(24)	0	598
– Securities portfolio and financial futures	26	48	0	(11)		63
– Long-term investments	53	9	(38)	(7)		17
– Real estate development	0	0	0	0		0
– Provisions for taxes	166	92	(4)	(3)		251
– Other(1)	415	9	(154)	(3)		267
TOTAL	**964**	**441**	**(217)**	**(116)**	**0**	**1,072**

(1) At December 31, 2011, other provisions mainly comprised the provision for the transfer of debt for €221 million, versus €336 million at December 31, 2010.

3.10.2 Provisions and impairment for counterparty risks

in millions of euros	12/31/2010	Charges	Resources	Reversals	Conversion	12/31/2011
Impairment of assets	**348**	**6**	**(153)**	**(26)**	**(3)**	**172**
Impairment of loans and advances to customers (individual basis)	63	6	(7)	(9)	0	53
Impairment of other assets	285	0	(146)	(17)	(3)	119
Provisions for counterparty risk recognized as liabilities	**89**	**176**	**(4)**	**(85)**	**0**	**176**
Provisions for off-balance sheet liabilities (1)	89	176	(4)	(85)	0	176
Provisions for customer credit risk	0	0	0	0	0	0
Other provisions	0	0	0	0	0	0
TOTAL	**437**	**182**	**(157)**	**(111)**	**(3)**	**348**

(1) Including provisions for execution risks related to commitments. The provision relating to the GAPC guarantee for Natixis was made for €154 million and taken back for €45 million.

3.10.3 Provisions for employee benefit liabilities

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 (€22 million in 2011).

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 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, a so-called retained benefit plan. The plan has been closed since December 31, 1999, and the rights crystallized at this date. The retained benefits plan is considered as a fund providing long-term 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;
- 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 BP plan	Pension obligations	Other obligations	12/31/2011	Former CGRCE plan	CAR BP plan	Pension obligations	Other obligations	12/31/2010
Present value of funded obligations	91	19	111		221	84	18	126	3	231
Fair value of plan assets	(90)	(5)	(61)		(156)	(85)	(5)	(57)		(147)
Fair value of reimbursement rights					0	(9)	0			(9)
Present value of unfunded obligations				3	3	4	(1)	(20)		(17)
Items not yet recognized, actuarial gains and losses and past service cost	(1)	(3)	(14)		(18)			(9)		(9)
NET AMOUNT REPORTED ON THE BALANCE SHEET	**0**	**11**	**36**	**3**	**50**	**(6)**	**12**	**40**	**3**	**49**
Liabilities	0	11	36	3	50	3	12	40	3	64
Assets	0				0	(9)				(9)

Since December 31, 2008, as a result of the pension reform known as the Fillon Act, the CGRCE (a supplementary pension institution, managing a private pension fund on behalf of the staff of the Caisses d'Epargne network) merged with the Caisse Générale de Prévoyance des Caisses d'Epargne (CGPCE), an employee benefits savings institution.

On January 1, 2010, the CAR BP became a supplementary pension management institution that manages pension commitments under the banking industry supplementary pension plan. The associated pension liabilities have been outsourced to an insurance company. This outsourcing has no direct impact on BPCE.

Experience adjustment on the retirement plan

Experience adjustments are changes in plan assets and obligations unrelated to changes in actuarial assumptions.

	12/31/2011	12/31/2010
Present value of obligations (a)	91	84
Fair value of plan assets and reimbursement rights (b)	(90)	(94)
Deficit/(surplus)	**1**	**(10)**
Adjustments to liabilities related to loss/(gain) history as a% of (a)	0.44%	4.10%
Adjustments to assets related to loss/(gain) history as a% of (b)	0.05%	1.97%

As of December 31, 2011, pension plan assets were allocated as follows:

- for the Caisses d'Epargne pension plan: up to 86% in bonds, 6% in equities and 8% 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;
- for the Banque Populaire banks pension plan: up to 61% in bonds, 32% in equities and 7% 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.

In 2011, of the €5 million in actuarial gains and losses generated for the former CGRCE, €6 million are from gains and losses related to actuarial assumptions, and -€1 million are from experience adjustments.

For the CAR, actuarial gains and losses derive chiefly from changes in actuarial assumptions.

Analysis of expense for the year

	12/31/2011					12/31/2010				
in millions of euros	Former CGRCE plan	CAR BP plan	Pension obligations	Other obligations	Total	Former CGRCE plan	CAR BP plan	Pension obligations	Other obligations	Total
Service cost for the period			5		5			1		1
Interest cost	3	1	2		6	3	1	5	0	9
Expected return on hedging assets	(3)		(1)		(4)	(3)		(1)		(4)
Expected return on reimbursement rights					0					0
Actuarial gains and losses during the fiscal year			3		3			4		4
Service cost for prior periods			3		3					0
Other		(1)	4		3			4		4
TOTAL	**0**	**0**	**16**	**0**	**16**	**0**	**1**	**13**	**0**	**14**

Main actuarial assumptions

	Former CGRCE plan		CAR plan		Pension obligations		Other obligations	
as a percentage	12/31/2011	12/31/2010	12/31/2011	12/31/2010	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Discount rate	3.80%	3.70%	3.63%	3.61%	NA		NA	
Expected return on hedging assets	3.40%	3.70%	4.50%	5.50%	NA		NA	
Expected return on reimbursement rights	2.60%	1.75%			NA		NA	

The life tables used are:

- TF00/02 for termination benefits, long service awards and other benefits;
- TGH TGF 05 for the former CGRCE and CARBP.

Stock option purchase plans

Since the formation of BPCE, senior managers have neither received share subscription or purchase options, nor been awarded bonus shares.

3.11 SUBORDINATED DEBT

in millions of euros	12/31/2011	12/31/2010
Fixed period subordinated debt	6,870	7,759
Perpetual subordinated debt	61	89
Perpetual deeply subordinated debt	4,603	6,792
Accrued interest	336	418
TOTAL	**11,870**	**15,058**

The amount of bond issue and redemption premiums remaining to be amortized at December 31, 2011 totaled €24 million.

BPCE redeemed deeply subordinated notes in the amount of €1,000 million subscribed to by the SPPE and redeemed deeply subordinated notes for €1,183 million.

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:

Currency	Issue date	Outstanding amount at 12/31/2011 *in millions of euros*	Issue price *in millions of euros*	Rate	Interest rate step-up	Date of early redemption option or step-up
EUR	11/26/2003	471	467	5.25%	Euribor 3-month + 1.84%	07/30/2014
USD	07/30/2004	154	152	Mn (CTMAT10Y+0,3%;9%)	no	03/30/2011
EUR	10/06/2004	369	365	4.63%	Euribor 3-month + 1.53%	07/30/2015
EUR	10/12/2004	80	80	Mn (CMS 10 yr; 7%)	no	01/12/2012
USD	01/27/2006	231	228	6.75%	no	01/27/2012
EUR	02/01/2006	350	348	4.75%	Euribor 3-month + 1.35%	02/01/2016
EUR	10/30/2007	509	507	6.12%	Euribor 3-month + 2.37%	10/30/2017
EUR	08/06/2009	52	52	13.00%	no	09/30/2015
EUR	08/06/2009	374	374	12.50%	Euribor 3-month + 13.13%	09/30/2019
USD	08/06/2009	103	103	13.00%	no	09/30/2015
USD	08/06/2009	342	342	12.50%	Libor 3-month + 12.98%	09/30/2019
EUR	10/22/2009	750	743	9.25%	no	04/22/2015
EUR	03/17/2010	818	813	9.00%	Euribor 12-month + 6.533% until 03/14/2020 then Euribor 12-month + 8.533%	03/17/2015
TOTAL		**4,603**	**4,574**			

3.12 FUND FOR GENERAL BANKING RISKS

in millions of euros	12/31/2010	Increase	Decrease	12/31/2011
Fund for General Banking Risks	1,000		(870)	130
TOTAL	**1,000**	**0**	**(870)**	**130**

3.13 CONSOLIDATED EQUITY

in millions of euros	Share capital	Additional paid-in capital	Reserves/Other	Retained earnings	Net income	Total equity (excl. FGBR)
TOTAL AT DECEMBER 31, 2009	**486**	**18,177**	**3**	**0**	**3**	**18,669**
Movements during the period	78	2,586	4	(193)	888	3,363
TOTAL AT DECEMBER 31, 2010	**564**	**20,763**	**7**	**(193)**	**891**	**22,032**
2010 income allocation		104	35	752	(891)	0
Dividends paid		(104)				(104)
Capital increase						0
Capital redemption	(97)	(2,923)		(103)		(3,123)
Other movements			(7)			(7)
Net income for the period					7	7
TOTAL AT DECEMBER 31, 2011	**467**	**17,840**	**35**	**456**	**7**	**18,805**

BPCE's capital stock, totaling €467 million and comprising 31,148,464 shares with a par value of €15 per share, is held as follows:

- 15,574,232 ordinary shares held by the Caisses d'Epargne for €234 million;
- 15,574,232 ordinary shares held by the Banque Populaire banks for €234 million.

During the fiscal year:

- on January 5, 2011, BPCE canceled 3,860,000 preferred shares amounting to €58 million purchased from the SPPE on August 6, 2010 and October 15, 2010 for €1,902 million;
- on April 18, 2011, BPCE canceled 2,573,653 preferred shares amounting to €39 million purchased from the SPPE on March 11, 2011 for €1,220 million.

After these transactions, BPCE had bought back all its preferred shares, reducing its capital by €97 million and its shareholders' equity by €3,123 million.

3.14 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.

	12/31/2011					
in millions of euros	Less than 3 months	From 3 months to 1 year	1 to 5 years	Over 5 years	No fixed maturity	Total
Total uses of funds	**67,534**	**59,429**	**100,909**	**38,314**	**240**	**266,426**
– Treasury bills and equivalents						0
– Loans and advances due from credit institutions	57,889	47,000	61,748	29,033	210	195,880
– Customer transactions	961	579	378	482	30	2,430
– Bonds and other fixed-income securities	8,684	11,850	38,783	8,799		68,116
Total sources of funds	**80,633**	**29,903**	**116,982**	**41,034**	**4,664**	**273,216**
– Amounts due to credit institutions	53,541	11,641	67,628	18,468		151,278
– Customer transactions	4,430	428	35,863	4,000		44,721
– Debt securities	22,246	17,725	9,145	16,231		65,347
– Subordinated debt	416	109	4,346	2,335	4,664	11,870

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	12/31/2011	12/31/2010
Financing commitments given		
To banks	33,188	34,989
To customers	123	107
– Documentary credits	0	0
– Other confirmed lines of credit	8	70
– Other obligations	115	37
TOTAL FINANCING COMMITMENTS GIVEN	**33,311**	**35,096**
Financing commitments received		
From banks	14,666	45,953
From customers	0	0
TOTAL FINANCING COMMITMENTS RECEIVED	**14,666**	**45,953**

4.1.2 Guarantee commitments

in millions of euros	12/31/2011	12/31/2010
Guarantees given		
To banks	26,655	37,687
– Documentary credit confirmations		
– Other bonds and endorsements	5,844	9,675
– Other guarantees	20,811	28,012
To customers	6,344	6,606
– Real estate guarantees		
– Government and tax guarantees		
– Other bonds and endorsements	6,339	6,592
– Other guarantees given	5	14
TOTAL GUARANTEES GIVEN	**32,999**	**44,293**
Guarantees received from credit institutions	1,805	2,513
TOTAL GUARANTEES RECEIVED	**1,805**	**2,513**

4.1.3 Other commitments not recognized off-balance sheet

	12/31/2011		12/31/2010	
in millions of euros	Commitments given	Commitments received	Commitments given	Commitments received
Other securities pledged as collateral provided to credit institutions	22,736	6,994	31,013	10,198
Other securities pledged as collateral received from customers	1,607	570	4,723	0
TOTAL	**24,343**	**7,564**	**35,736**	**10,198**

As of December 31, 2011, receivables allocated as collateral under refinancing arrangements mainly included the following:

- €17,350 million in money market instruments assigned to the Bank of France in connection with the automated TRICP system, compared to €26,108 million as of December 31, 2010;
- €1,607 million in receivables pledged to the SFEF, compared to €4,723 million as of December 31, 2010;
- €5,275 million in receivables provided as a guarantee for financing obtained from the European Investment Bank (EIB), compared to €4,794 million as of December 31, 2010.

No other significant commitment was given to guarantee commitments entered into by BPCE or on behalf of third parties.

BPCE received no significant amount of assets by way of guarantee.

4.2 COMMITMENTS ON FUTURES AND OPTIONS CONTRACTS

4.2.1 Financial instruments and foreign exchange futures

in millions of euros	12/31/2011 Hedging transactions	12/31/2011 Other transactions	12/31/2011 Total	12/31/2011 Fair value	12/31/2010 Hedging transactions	12/31/2010 Other transactions	12/31/2010 Total	12/31/2010 Fair value
Forward transactions								
Transactions on organized markets	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
– Interest rate contracts			0				0	
– Foreign currency contracts			0				0	
– Other contracts			0				0	
Over-the-counter transactions	**130,716**	**32,931**	**163,647**	**2,729**	**115,964**	**28,915**	**144,879**	**(2,297)**
– Forward rate agreements (FRA)			0	0			0	0
– Interest rate swaps	98,036	12,341	110,377	3,027	80,583	8,202	88,785	(2,033)
– Foreign exchange swaps	5,689		5,689	41	26,857		26,857	21
– Currency swaps	24,735		24,735	(360)	5,883		5,883	(75)
– Other foreign exchange contracts	37		37	0	48		48	1
– Other forward and futures contracts	2,219	20,590	22,809	21	2,593	20,713	23,306	(211)
TOTAL FIRM CONTRACTS	**130,716**	**32,931**	**163,647**	**2,729**	**115,964**	**28,915**	**144,879**	**(2,297)**
Options								
Transactions on organized markets	**0**	**4,269**	**4,269**	**1**	**0**	**192**	**192**	**(2)**
– Interest rate options			0	0			0	0
– Foreign currency options		4,269	4,269	1		161	161	0
– Other options		0	0	0		31	31	(2)
Over-the-counter transactions	**307**	**20,456**	**20,763**	**(502)**	**432**	**20,455**	**20,887**	**534**
– Interest rate options	307		307	(5)	432		432	4
– Foreign currency options			0	0			0	0
– Other options		20,456	20,456	(497)		20,455	20,455	530
TOTAL OPTIONS	**307**	**24,725**	**25,032**	**(501)**	**432**	**20,647**	**21,079**	**532**
TOTAL FINANCIAL AND FOREIGN CURRENCY FUTURES	**131,023**	**57,656**	**188,679**	**2,228**	**116,396**	**49,562**	**165,958**	**(1,765)**

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 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	12/31/2011					12/31/2010				
	Micro-hedge	Macro-hedge	Isolated open positions	Specialized management	Total	Micro-hedge	Macro-hedge	Isolated open positions	Specialized management	Total
Forward transactions	**62,293**	**60,478**	**12,341**	**0**	**135,112**	**39,723**	**46,744**	**8,202**	**0**	**94,669**
– Forward rate agreements (FRA)					0					0
– Interest rate swaps	37,558	60,478	12,341		110,377	33,840	46,744	8,202		88,786
– Currency swaps	24,735				24,735	5,883				5,883
– Other interest rate futures contracts					0					0
Options	**307**	**0**	**0**	**0**	**307**	**432**	**0**	**0**	**0**	**432**
– Interest rate options	307				307	432				432
TOTAL	**62,600**	**60,478**	**12,341**	**0**	**135,419**	**40,155**	**46,744**	**8,202**	**0**	**95,101**

No transactions were transferred to another portfolio during the period.

4.2.3 Commitments on forward financial instruments by maturity

in millions of euros	12/31/2011			
	Less than 1 year	1 to 5 years	Over 5 years	Total
Forward transactions	**56,277**	**56,451**	**50,919**	**163,647**
– Transactions on organized markets				0
– Over-the-counter transactions	56,277	56,451	50,919	163,647
Options	**228**	**4,315**	**20,489**	**25,032**
– Transactions on organized markets		4,269		4,269
– Over-the-counter transactions	228	46	20,489	20,763
TOTAL	**56,505**	**60,766**	**71,408**	**188,679**

4.3 BREAKDOWN OF ASSETS AND LIABILITIES BY CURRENCY

in millions of euros	12/31/2011		12/31/2010	
	Assets	Liabilities	Assets	Liabilities
Euro	288,821	296,655	233,923	219,598
Dollar	15,069	7,008	7,986	18,541
Pound sterling	1,532	2,159	463	4,299
Swiss franc	3,620	1,977	2,457	1,519
Yen	174	916	34	882
Other	236	737	171	195
TOTAL	**309,452**	**309,452**	**245,034**	**245,034**

4.4 FOREIGN CURRENCY TRANSACTIONS

in millions of euros	12/31/2011	12/31/2010
Spot foreign exchange transactions		
– Currencies receivable not received	13	116
– Currencies deliverable not delivered	13	117
TOTAL	**26**	**233**

Note 5 Information on the income statement

5.1 INTEREST AND SIMILAR INCOME AND EXPENSE

	Fiscal year 2011			Fiscal year 2010		
in millions of euros	Income	Expense	Net	Income	Expense	Net
Transactions with credit institutions	4,218	(3,072)	1,146	3,306	(2,653)	653
Customer transactions	116	(386)	(270)	107	(146)	(39)
Bonds and other fixed-income securities	1,694	(2,207)	(513)	1,385	(1,654)	(269)
Subordinated debt	0	(414)	(414)	0	(1,015)	(1,015)
Macro-hedging transactions	1,014	(826)	188	768	(674)	94
TOTAL	**7,042**	**(6,905)**	**137**	**5,566**	**(6,142)**	**(576)**

5.2 INCOME FROM VARIABLE-INCOME SECURITIES

in millions of euros	Fiscal year 2011	Fiscal year 2010
Equities and other variable-income securities	9	7
Equity interests and other long-term investments	352	555
Investments in affiliates	589	264
TOTAL	**950**	**826**

5.3 FEES AND COMMISSIONS

	Fiscal year 2011			Fiscal year 2010		
in millions of euros	Income	Expense	Net	Income	Expense	Net
Cash and interbank transactions	1	(2)	(1)	1	(6)	(5)
Customer transactions	5	0	5	7	0	7
Securities transactions	6	(1)	5	5	(2)	3
Payment services	3	(9)	(6)	38	(16)	22
Foreign exchange transactions	0	0	0	0	0	0
Off-balance sheet commitments	0	0	0	14	0	14
Financial services	0	(2)	(2)	0	(3)	(3)
Consulting services	0	0	0	0	0	0
Other commission fee income/(expense)(1)	0	(85)	(85)	0	(79)	(79)
TOTAL	**15**	**(99)**	**(84)**	**65**	**(106)**	**(41)**

(1) Commissions and fees linked to issues made by BPCE and amortization amounted to €64 million.

5.4 NET GAIN OR LOSS ON TRADING PORTFOLIO TRANSACTIONS

in millions of euros	Fiscal year 2011	Fiscal year 2010
Trading securities	0	0
Foreign exchange transactions	(44)	5
Financial futures	(47)	16
TOTAL	**(91)**	**21**

5.5 NET GAIN OR LOSS ON AVAILABLE-FOR-SALE SECURITIES AND SIMILAR

	Fiscal year 2011		Fiscal year 2010	
in millions of euros	Available-for-sale securities	Total	Available-for-sale securities	Total
Impairment				
– Charges	(126)	(126)	(4)	(4)
– Reversals	7	7	27	27
Net gain/(loss) on disposal	12	12	15	15
Other items	0	0	0	0
TOTAL	**(107)**	**(107)**	**38**	**38**

5.6 OTHER BANKING INCOME AND EXPENSE

	Fiscal year 2011			Fiscal year 2010		
in millions of euros	Income	Expense	Net	Income	Expense	Net
Share in joint operations	1	(3)	(2)	0	(11)	(11)
Rebilling of banking income and expenses	0	0	0	0	0	0
Electronic payment terminal business	0	0	0	11	(4)	7
Amortization and rebilling of issuance costs	57	0	57	67	0	67
Real estate business	15	(7)	8	0	0	0
IT services	0	0	0	0	0	0
Other activities	23	(54)	(31)	29	(55)	(26)
Other related income and expenses	0	0	0	0	0	0
TOTAL	**96**	**(64)**	**32**	**107**	**(70)**	**37**

5.7 OPERATING EXPENSES

in millions of euros	Fiscal year 2011	Fiscal year 2010
Payroll costs		
Wages and salaries	(131)	(139)
Pension costs and similar obligations[1]	(15)	(21)
Other social security charges	(46)	(30)
Employee incentive scheme	(8)	(15)
Employee profit-sharing scheme	0	0
Payroll taxes	(23)	(21)
Total payroll costs	**(223)**	**(226)**
Other operating expenses		
Income and other taxes	(17)	(13)
Other operating expenses	(387)	(425)
Rebilled expenses	454	459
Total other operating expenses	**50**	**21**
TOTAL	**(173)**	**(205)**

(1) *Including additions, utilizations, and reversals of provisions for employee benefit obligations (see Note 3.10.3).*

The average workforce during the year, broken down by professional categories, is as follows: 1,274 managerial staff and 233 non-managerial staff, representing a total of 1,507 persons.

The amount recognized in 2011 in respect of contributions to pension schemes for members of executive and supervisory bodies was €1.2 million.

Total remuneration paid in 2011 to members of the Management Board amounted to €4 million and€1 million was paid to members of the Supervisory Board.

5.8 COST OF RISK

in millions of euros	Fiscal year 2011					Fiscal year 2010				
	Charges	Reversals and uses of financing	Losses	Recoveries of bad debts written off	Total	Charges	Reversals and uses of financing	Losses	Recoveries of bad debts written off	Total
Impairment of assets										
Interbank		1			1	0				0
Customers	(6)	15	(26)		(17)	(15)	16	(13)		(12)
Securities portfolio and other receivables	0	162	(163)		(1)	(1)	234	(233)		0
Provisions										
Off-balance sheet commitments[(1)]	(176)	89	(277)	16	(348)	(48)	256	(183)	0	25
Provisions for customer risks					0					0
Other					0					0
TOTAL	**(182)**	**267**	**(466)**	**16**	**(365)**	**(64)**	**506**	**(429)**	**0**	**13**
o/w:										
– *reversals of obsolete impairment charges*		*25*					*123*			
– *reversals of utilized impairment charges*		*153*					*127*			
– *reversals of obsolete provisions*		*85*					*252*			
– *reversals of utilized provisions*		*4*					*4*			
Net amount of reversals		***267***					***506***			

(1) Movements in provisions for off-balance sheet items primarily comprised a €154 million charge and a €45 million reversal for the guarantee for Natixis' assets in the workout portfolio and a hedged loss of €273 million as well as a recovery on amortized loans for €16 million.

5.9 GAINS OR LOSSES ON LONG-TERM INVESTMENTS

in millions of euros	Fiscal year 2011				Fiscal year 2010			
	Equity investments and other long-term investments	Held-to-maturity securities	Property, plant and equipment and intangible assets	Total	Equity investments and other long-term investments	Held-to-maturity securities	Property, plant and equipment and intangible assets	Total
Impairment								
– Charges	(1,335)			(1,335)	(294)			(294)
– Reversals	762			762	866			866
Net gain/(loss) on disposal	(716)	1	0	(715)	(755)	(12)	11	(756)
TOTAL	**(1,289)**	**1**	**0**	**(1,288)**	**(183)**	**(12)**	**11**	**(184)**

Gains or losses on Equity interests, investments in affiliates and other long-term investments include specifically:

- provisions for impairment in Equity interests and the share of net equity:
  - Crédit Foncier de France (€1,038 million),
  - Volksbank International AG (€128 million),
  - BPCE Immobilier Exploitation (€61 million),
  - Oterom (€37 million),
  - Banca Carige (€23 million),
  - GCE Participations (€18 million);
- reversals of provisions for impairment in Equity interests and the share of net equity:
  - Foncia (€489 million),
  - Banque Palatine (€119 million),
  - BPCE Immobilier Exploitation (€60 million),
  - Serena (€15 million);
- profit or loss on the sale of Equity interests and other long-term securities:
  - Foncia, capital loss of €614 million,
  - Serena, capital loss of €13 million;
- the impact of the complete transfer of assets and liabilities of SIBP amounted to -€62 million.

5.10 NON-RECURRING INCOME

No exceptional items were recorded in the 2011 fiscal year.

5.11 INCOME TAXES

5.11.1 Breakdown of income taxes in 2011

BPCE is the head of a tax consolidation group that includes the 19 Banque Populaire banks, the 17 Caisses d'Epargne, and the BPCE subsidiaries, including Crédit Foncier de France, Banque Palatine, BPCE International et Outre-mer (BPCE IOM), GCE Covered Bonds, BP Covered Bonds and BPCE SFH.

Corporate tax, which is broken down between tax on current income and tax on exceptional income, was comprised as follows:

in millions of euros	Fiscal year 2011		
Taxable bases at the following rates:	**33.33%**	**19%**	**15%**
Tax on current income	2,016	26	11
Tax on non-recurring income			
Taxable bases	**2,016**	**26**	**11**
Applicable tax	(672)	(5)	(2)
+ contributions 3.3%	(22)	0	0
+ 5% surcharge (amended French Finance Act 2011)	(34)		
- deductions in respect of tax credits	15		
Reported income tax	**(713)**	**(5)**	**(2)**
Tax integration effect	1,024		
Adjustments to previous periods	4		
Provisions for the return to profitability of subsidiaries	(89)		
Provisions for taxes	(80)		
TOTAL	**146**	**(5)**	**(2)**

Income tax amounted to €139 million for 2011.

5.11.2 Reconciliation from accounting to taxable income

in millions of euros	Fiscal year 2011	Fiscal year 2010
Net accounting income (A)	**7**	**891**
Corporate tax (B)	**(308)**	**(646)**
Add-backs (C)	**2,136**	**1,099**
Impairment of fixed assets	0	0
Other impairments and provisions	383	290
Transfer to fund for general banking risks	0	0
Mutual funds	18	48
Long-term capital losses under exemptions	1,718	593
Share of profit of partnerships or joint ventures	7	0
Other items	10	168
Deductions (D)	**2,608**	**2,229**
Long-term capital gains under exemptions	686	865
Reversals of impairment charges and provisions	391	516
Dividends	577	274
Reversal – Fund for general banking risks	870	451
Share of loss of partnerships or joint ventures	5	31
Amortization of acquisition costs	17	12
Formation expenses	0	13
Other items	62	67
Tax basis at normal rate (A)+(B)+(C)-(D)	**(773)**	**(885)**

5.12 BREAKDOWN IN ACTIVITY

	Holding company activities	
in millions of euros	Fiscal year 2011	Fiscal year 2010
Net banking income	**837**	**305**
Operating expenses	(193)	(231)
Gross operating income	**644**	**74**
Cost of risk	(365)	13
Operating income	**279**	**87**
Net gains/(losses) on long-term investments	(1,288)	(184)
Income before tax	**(1,009)**	**(97)**

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 and Groupe BPCE SA group.

6.2 STATUTORY AUDITORS' FEES

	PricewaterhouseCoopers Audit				MAZARS				KPMG			
	Fiscal year 2011		Fiscal year 2010		Fiscal year 2011		Fiscal year 2010		Fiscal year 2011		Fiscal year 2010	
in millions of euros[1]	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Audit												
Statutory audit, review of parent company and consolidated financial statements	534	38%	590	32%	553	86%	531	56%	543	38%	515	58%
Other audit procedures and incidental assignments in relation to the statutory audit engagement	874	62%	1,259	68%	89	14%	410	44%	902	62%	372	42%
TOTAL	**1,408**	**100%**	**1,849**	**100%**	**642**	**100%**	**941**	**100%**	**1,445**	**100%**	**887**	**100%**

(1) Amounts relating to services provided appear on the income statement for the reporting year, notably including unrecoverable VAT and, where applicable, before being deducted from equity.

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 the 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, 2011, 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 €0.7 million in 2011. This statement is based on the list of countries named in the April 14, 2011 decree, made in application of Article 238-0-A of the French General Tax Code.

5.3.5 Statutory Auditors' report on the financial statements

For the year ended December 31, 2011

This is a free translation into English of the Statutory Auditors' report on the financial statements issued in French and it is provided solely for the convenience of English speaking readers.

The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures.This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

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, 2011, on:

- the audit of the accompanying financial statements of BPCE;
- the justification of our assessments;
- the specific verification and information 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 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, using sampling or other selective testing methods, the evidence supporting the amounts and disclosures presented in the annual financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the 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 generally accepted in France.

II. Justification of our assessments

The accounting estimates used in the preparation of financial statements at December 31, 2011 were made in an uncertain environment resulting from the public finance crisis of some Eurozone countries, in particular in Greece, combined with an economic and a liquidity crisis, which makes it difficult to assess the economic outlook. It is in this context that, in accordance with the requirements 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:

Valuation of equity interests, investments in affiliates and other long-term investments

Equity interests, investments in affiliates and other long-term investments are measured at the lower of their acquisition value or at their value in use based on a multi-criteria approach as described in notes 2.3.3 and 3.4 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.

Valuation of securities and financial instruments

Your company holds portfolio securities and financial instruments. Notes 1.2, 2.3.3, 2.3.9, 3.3 and 4.2 of the annual financial statements detail the accounting rules and principles applicable to securities and financial instruments. We examined the control procedures applicable to the related accounting classification and the determination of the criteria used for valuing these positions. We verified that the above-mentioned accounting methods and related information provided in the notes to the annual financial statements were appropriate and we ensured of their correct application.

These assessments were made as part of our audit of the annual financial statements, taken as a whole, and therefore contributed to the opinion we formed, which is expressed in the first part of this report.

III. Specific verifications and information

In accordance with professional standards applicable in France, we have also performed the specific verifications required by French law.

We have no matters to report as to the fair presentation and the 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 financial position and the annual financial statements.

Concerning the information provided in accordance with the requirements of article L. 225-102-1 of the French Commercial Code (*Code de Commerce*) relating to remunerations and benefits received by directors and any other commitments made 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 companies controlling your company or controlled by it. Based on this work, we attest to the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests has been properly disclosed in the management report.

Paris La Défense and Neuilly-sur-Seine, March 30, 2012

The Statutory Auditors

KPMG Audit	**PricewaterhouseCoopers Audit**	**Mazars**
Department of KPMG SA		
Fabrice Odent	Anik Chaumartin	Charles de Boisriou
Marie-Christine Jolys		Jean Latorzeff

6

SOCIAL AND ENVIRONMENTAL INFORMATION

6.1 Sustainable development strategy and cooperative identity

6.1.1 Overview of Groupe BPCE's sustainable development strategy

Groupe BPCE's ambition is to develop a universal banking group that is able to offer a full range of financial and banking products and services to its various customer groups, meeting the needs of regions and the economy as closely as possible.

BPCE, France's number two banking group, is built upon the cooperative foundation of the Caisse d'Epargne and Banque Populaire networks. Both networks boast strong regional roots and commitment to solidarity, strengthened by close relationships with local economic agents. This unique structure means that they are committed as banks to supporting customers' projects over the long term. The vocation of responsible banking is the very foundation of a commitment to sustainable development.

The financial aspects of both customers' projects and regional development initiatives are increasingly taking social, societal and environmental issues into account. To meet increasing demand from stakeholders, the Caisse d'Epargne and Banque Populaire networks, together with Natixis and the Group's specialized subsidiaries, integrated these societal criteria into their internal approach very early on, in particular by developing pioneering actions in the CSR (Corporate Social Responsability) field, such as the first carbon review, the first HQE[5]-certified building and, more recently, the first ISO 14001 certification for a cooperative bank.

Through this process, Groupe BPCE also gained specific expertise in the social economy and green economics, and became a committed bank in both these sectors. For example, Groupe BPCE is currently a leading player in France in terms of socially responsible investment[1], socially responsible savings[2] and microcredit[3], a pioneer in environmental financing and the leader in terms of the number of renewable energy projects financed[4]. Groupe BPCE has also supported social economy and solidarity organizations such as Avise and France Active – which have helped consolidate this sector of the economy – since their inception.

Its pioneering past experience in promoting sustainable development within its banking business has led Groupe BPCE to increase the momentum by incorporating landmark actions designed to strengthen its commitment to CSR into its 2010-2013 strategic plan.

Through its 2010-2013 strategic plan, dubbed *"Ensemble"* ("Together"), Groupe BPCE aims to build a universal banking group that is able to deliver on its vocation of offering a full range of financial and banking products and services to its various customer groups, meeting the needs of regions and the economy as closely as possible. In support of this aim, sustainable development represents the best opportunity to combine an ethical societal approach with an efficient banking business. Sustainable development can help BPCE's banks to "become the banks of choice for the French and their businesses" – the banks that best serve their customers by incorporating societal criteria into banking relationships.

BPCE's Sustainable Development Division is attached to the Commercial Banking and Insurance Division. This innovative positioning in the banking sector places societal needs at the heart of customer relationships and ensures that they are incorporated into day-to-day banking activities.

The strategic plan proposes that ten landmark actions be developed in the areas of green growth and values. As a result of its positioning, in addition to its regulatory and governance remit, the Sustainable Development department has also been given responsibility for overseeing three key areas of focus within the strategic plan:

- making the Group's banks benchmark players in "green, responsible growth";
- ensuring that all the Group's entities are committed to mitigating their carbon footprints;
- establishing Groupe BPCE as a benchmark player in social and professional microcredit.

The Sustainable Development Division, within the Commercial Banking and Insurance Division, has mobilized its resources to define, manage and monitor its responsibilities both internally and with respect to the networks and federations, thus enhancing BPCE's CSR. Indicators have been developed to measure the impact of its actions both within the Commercial Banking and Insurance Division and at Group level.

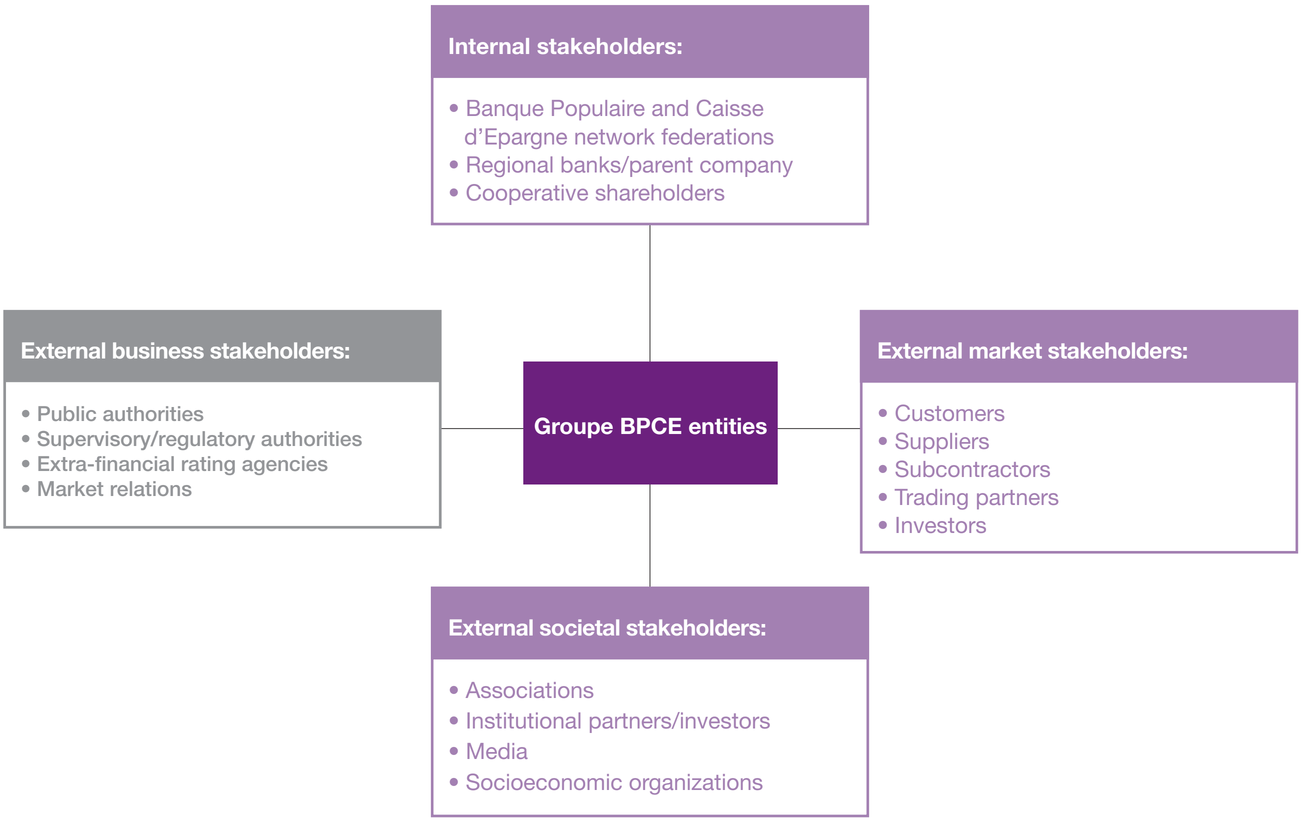
While there are naturally many sustainable development initiatives at a national level, the preferred scope of activity is the local level. In 2011, five projects were launched to adapt the Group's national strategy to meet the day-to-day needs of its cooperative banks and subsidiaries and ensure that the strategy responds to local issues. These projects were as follows: implementing sustainable development reporting within the regional banks; analyzing green growth potential; improving Group visibility in relation to sustainable development; sharing sustainable development best practices; and designing a shared sustainable development intranet.

The Group's strategic plan provides a common framework for action across all Group entities. It may be supplemented by specific CSR strategies within individual Group companies. The Caisse d'Epargne and Banque Populaire networks each have their own specific CSR strategies, which are driven and coordinated through the work led by their respective federations. Each of these networks aims to make its network a benchmark in CSR within its area of operations, in line with its identity and roots.

To this end, each Banque Populaire bank and Caisse d'Epargne has appointed a sustainable development manager to coordinate Group policy and its regional implementation.

(1) *Source: Novethic*
(2) *Source: Finansol*
(3) *Source: Adie/FAS/FCS – France Active Garantie – Fonds Cohésion Sociale.*
(4) *Source: Infrastructure Journal*
(5) *High Environmental Quality*

MAPPING OF STAKEHOLDERS AND KEY ACTIONS [GRI 4.15, 4.16]



The Group is engaged in ongoing, constructive dialogue with its various stakeholders, either directly or *via* its entities. The Group's recognized experience in finance and sustainable development has led its entities to work with a variety of stakeholders (government, local authorities, European institutions, NGOs, etc.) on social, societal and environmental projects. These stakeholders include the ADEME (the French environment and energy management agency) the EIB (European Investment Bank), France Active (a non-profit organization supporting business creation), the Adie (an organization that helps socially-excluded persons create jobs), the AFD (French development agency), etc.

The Group's environmental expertise has led the Sustainable Development Division to cooperate with French and European authorities on the definition of "green growth" financing tools.

In January 2011, BPCE took part in a national Government-led consultation on the solar energy industry and drew up a report containing proposals to facilitate and secure the process of funding the field. In particular, BPCE emphasized the need to take better account of financing issues in administrative procedures for securing the preparation of renewable energy development projects.

It was also proposed that a guarantee fund be created for the solar energy industry. By reducing risks, such a guarantee fund could have improved financing conditions for businesses or even lower the purchase prices needed to ensure that projects are profitable.

In summer 2011, BPCE took part in the national round table discussions on energy efficiency. Its involvement led to the creation of an investors' subgroup to better take into account the financial tools available to develop energy efficiency activities in the SME sector.

Dialogue and discussion with stakeholders takes place via cooperative and philanthropic activities in the context of a cooperative network.

SUPPORT FOR CHARTERS WITHIN THE SUSTAINABLE DEVELOPMENT STRATEGY [GRI 4.12]

Global Compact

Groupe BPCE renews the Banque Populaire and Caisse d'Epargne networks' membership in the Global Compact every year. This code of conduct has been adopted by all the cooperative banks, as it is currently the most comprehensive and internationally recognized code. The breadth of organizations backing the code (UN, OECD, ILO, etc.) means that every company in the network – irrespective of its corporate status (subsidiary, public limited company, cooperative limited company, etc.), geographical base or commitment to CSR – can initiate, pursue or develop its sustainable development policy in line with universal values. Finally, the aims of the Global Compact are compatible with those of ISO 26000 and the Global Reporting Initiative (GRI), criteria which are used within Group reporting.

Diversity Charter

This general commitment was strengthened in November 2010 when Groupe BPCE signed the Corporate Diversity Charter. This approach is aligned with the Group's strategic aim of becoming a benchmark employer.

The Group also has internal CSR policies. July 2010 saw the launch of the responsible purchasing and disability policy (PHARE) and a partnership with the *Institut national supérieur de formation et de recherche pour l'éducation des jeunes handicapés* (Higher National Training and Research Institute for the Education of Young People with Disabilities) aimed at setting up disability units within universities.

Several entities are developing their own CSR charters or policies alongside those that apply at Group level. For example, Natixis is a signatory of the Global Compact in its own right, and has more recently signed the Equator Principles.

6.1.2 Changes in the sustainable development environment in 2011

Increasing public debt levels have led local and national authorities to ramp up the use of green banking facilities and microloans to support policies aimed at preventing global warming and stamping out poverty. Such forms of funding are intended to offset the decline in direct subsidies for societal projects.

Consequently, 2011 saw a significant increase in regional calls for tenders for European Investment Bank (EIB) funding earmarked for energy efficiency and renewable energy. Groupe BPCE's networks won all EIB and regional calls for tenders issued in 2011 in the following regions: Centre, Languedoc-Roussillon, Midi-Pyrénées and Poitou-Charentes (dedicated to renewable energy for private individuals). This regional initiative was supported at a national level by an increase in the pace of changes to regulated green loans (interest-free green loans, sustainable development passbook account loans, green versions of the *Scellier Act* and *PTZ+* products, etc.). The impetus from government was unfortunately thwarted by complex administrative procedures and a lack of coherence between the different initiatives.

However, the next few years are likely to see a growth trend in the number of green banking products delivered *via* public-private partnerships.

An unprecedented event took place in 2011: the demand for energy in developed countries fell, though this decline was comfortably offset by increased demand from developing countries. March 2011 set a new record[1] in the global demand for oil, which rose by more than 4% year on year[2], a pace not seen since 2004. Combined with the deregulation of the electricity market (under the "NOME" Act), this trend led the Government to set up a fuel poverty monitoring unit and hold a national round table discussion on energy efficiency, in which BPCE took part.

Regulations on sustainable development were tightened significantly in Europe and France. The "Grenelle 2" Act made it compulsory for unlisted companies to produce CSR reports and undertake carbon reviews. There was also an increase in regulatory initiatives in relation to microcredit and green financing.

Finally, 2011 saw an increase in socially responsible consumption, which incorporates ethical concepts into procurement. This led to an increase in the amount of green and socially responsible bank lending.

This environment has led the Group to step up the pace at which sustainable development is incorporated into its banking activities and has confirmed its strategic decision to position this expertise at the heart of BPCE's commercial business, alongside its traditional activities in the areas of governance, mobilization and regulatory compliance.

6.1.3 Cooperative identity

Within Groupe BPCE, the Banque Populaire banks and Caisses d'Epargne are cooperative banks that each have their own federation. These federations protect each network's identity and values and defend its interests; they support the networks in relation to CSR strategy, the involvement of cooperative shareholders, training for directors and governance.

THE CONTRIBUTION OF THE *FÉDÉRATION NATIONALE DES BANQUES POPULAIRES* (FNBP) TO THE BANQUE POPULAIRE NETWORK'S CSR [GRI 4.8]

Aware of their role with respect to future generations, the Banque Populaire banks have taken steps to reduce their direct impact on the environment by optimizing employee travel, securing HQE-certified buildings, more effectively managing their consumption (by adopting responsible procurement practices, limiting and recycling waste, etc.) and carrying out internal awareness campaigns.

They also work to achieve societal improvements within their respective geographics areas through partnerships and sponsorship activities. In particular, their actions are aimed at stimulating entrepreneurship through mentoring and microcredit. The network is also involved, supporting initiatives aimed at talented young people in the fields of music, education and research, as well as supporting entry into employment, social housing and the fight against discrimination.

Finally, the Banque Populaire banks are committed to actively engaging with their customers and cooperative shareholders by offering them products with a strong social and environmental dimension (SRI, socially responsible products, investments in green technologies and the local economy, etc.). In addition, they are committed to a socially responsible approach that is manifested in their support for equality and diversity in recruitment as well as favoring the employment of persons with disabilities.

Cooperative identity

Cooperative shareholders are the core of the Banque Populaire banks by virtue of their role as cooperative investors and their involvement in dedicated meetings, annual General Shareholders' Meetings and their bank's CSR policy, in particular through the *Initiative Région* Awards in support of local associations. The Banque Populaire banks' cooperative shareholders vote at Annual General Shareholders' Meetings to elect the directors who will represent them. These directors are creators of value (CEOs, researchers, lecturers, etc.) who, through their roles, are involved in driving economic and social development within their regions. Their involvement in and knowledge of the economic and social life of their regions underscore the local nature of the Banque Populaire banks. Their combined experience and diversity enrich discussions at Board Meetings in the interests of all customers and cooperative shareholders. To strengthen relations with cooperative shareholders, the Banque Populaire banks take advantage of new technologies to provide cooperative shareholders with the means to express themselves through interactive websites. The Banque Populaire banks develop a range of tools aimed at promoting actions underpinning their commitment and that of their cooperative shareholders. In particular, these include the "Cooperative and CSR review", which includes the "Cooperative Dividend" to measure and illustrate actions undertaken by the Banque Populaire banks in support of civil society.

(1) *http://www.gecodia.fr/Offre-et-demande-mondiale-de-petrole-nouveau-record-de-consommation_a1977.html.*

(2) *Global consumption of oil reached 90.3 million barrels a day in March 2011, compared with 89.8 million barrels a day in February 2011 (source: Gecodia).*

Banque Populaire Corporate Foundation

Banque Populaire Corporate Foundation is the sponsorship vehicle of the 19 Banque Populaire banks. An integral part of the *Fédération nationale des Banques Populaires,* its purpose is to support the development of young instrumentalists and composers of classical music when they leave the music academy, persons with disabilities and community oriented entrepreneurs involved in general interest projects. Expert panels select candidates for each of the three areas in which the Foundation works and put forward the names of winners to the Foundation's Board of Directors, which decides how grants are allocated. The Board of Directors consists of Chairmen and Chief Executive Officers of Banque Populaire banks, employee representatives, representatives of BPCE and Chairmen of the expert panels. The Banque Populaire Corporate Foundation demonstrates its long-term commitment by supporting its winning candidates for between one and three years. Its activities are aligned with the values of the Banque Populaire banks: liberty and solidarity. Over the past 20 years, the Banque Populaire Corporate Foundation has supported 184 young musicians and 19 composers, 328 young people with physical disabilities and 19 projects run by community oriented entrepreneurs.

THE CONTRIBUTION OF THE *FÉDÉRATION NATIONALE DES CAISSES D'EPARGNE* (FNCE) TO THE BANQUE POPULAIRE NETWORK'S CSR [GRI 4.8]

Based on their CSR guidelines defined by the FNCE, the Caisses d'Epargne have chosen to organize their strategy around five pillars covering the major areas of CSR.

- Societal engagement

The Caisses d'Epargne societal engagement strategy hinges on two major areas of focus.

The first of these, "financial inclusion", denotes their core business commitment regarding access to financial services through joint action by *Parcours Confiance, Finances & Pédagogie* and *Ecureuil Coopération International* (ECI).

The second, "philanthropy", corresponds to the Caisses d'Epargne's support for solidarity based initiatives based on regionally identified priorities. The Caisses d'Epargne are careful to ensure that they provide relevant and innovative responses and assess their "social" return on investment.

- Governance

In the area of governance – a fundamental component of any corporate social responsibility strategy in a challenging environment (unprecedented economic crisis, merger of the central institution of Caisse d'Epargne with that of Banque Populaire, re-election of directors in 2009, etc.) – Caisse d'Epargne has sought to make this issue a key area of focus, in particular by providing the resources needed to train and inform elected representatives as well as continuously improving the membership and operation of governing bodies.

- Customer and supplier relations

In the area of customer and supplier relations, cooperative shareholders are more than just customers: by virtue of their "sustainable" financial investment – the purchase of cooperative shares – they are key stakeholders in the business, whose involvement in corporate governance is manifested in the appointment of directors.

The quality of this relationship makes cooperative shareholders a key informational link between each Caisse d'Epargne and the region it serves. The Caisses d'Epargne aim to treat their cooperative shareholders as genuine partners – loyal customers, champions of the bank's reputation and information carriers – by putting in place the most appropriate arrangements to position themselves with respect to cooperative shareholders as being high-quality, innovative local banks.

- Human resources and human rights

Groupe BPCE and the Caisses d'Epargne are also committed to a socially responsible approach in two key areas: professional equality and the promotion of diversity. Actions in these areas are governed by collective agreements as well as social systems and mecanisms. In this way, the Group aims to reduce gender inequalities and makes a considerable effort to integrate employees with disabilities.

- Environment

In the environmental field, virtually all of the Caisses d'Epargne have now completed carbon reviews. Further to these actions, and alongside Groupe BPCE's policy in this area, the senior managers of the Caisses d'Epargne have established two key strategic objectives: reducing the carbon footprint and incorporating environmental concerns into their societal engagement activities and sales policy.

Cooperative shareholder base and cooperative governance

At the end of 2011, Caisse d'Epargne had more than four million cooperative shareholders (up 1.4% relative to end 2010), the majority of whom were individual customers. Cooperative shareholders are represented by 275 local savings companies, which form an intermediate layer that helps strengthen each bank's local roots and relationships. Share capital held by cooperative shareholders totaled €8.76 billion. Annual capital attrition was around 5% on average, and thus remains limited. Each cooperative shareholder holds an average of a hundred cooperative shares. The average return on cooperative shares is 3.11%.

Annual General Shareholders' Meetings form a key component of the cooperative relationship, as demonstrated by the 9.18% participation rate at the June-July 2011 meetings, *i.e.* to 380,538 cooperative shareholders (in attendance or represented).

The Caisses d'Epargne aim to consolidate a dynamic and innovative relationship with their cooperative shareholders by providing them with transparent information both through actions in the field and *via* the web. They also make every effort to optimize shareholder relations at a local level. With personalized "shareholder newsletters", sent out with the notice of the shareholder meeting, and the regionally tailored websites, cooperative shareholders receive detailed information about their bank. Exclusive meeting are also arranged in the field on topics including family, retirement, young people (around a hundred a year), while clubs offer cooperative shareholders non-banking benefits such as discounts at major retailers (taken up by two million cooperative shareholders in seven Caisses d'Epargne).

Training for representatives of cooperative shareholders is an essential component of effective and balanced governance in the Group's cooperative companies. The process put in place within the Caisses d'Epargne ranks them among the best in class in this area and ensures that they comply with regulatory requirements.

The approach adopted ensures that the FNCE works closely with the Caisses d'Epargne, offering training that is tailored to the various director roles. In 2011, more than 2,800 participants (out of a total of around 4,000 directors) added to their knowledge of the bank and the banking and financial environment.

Philanthropic activities

A commitment to philanthropic activity lies at the heart of the history, identity and values of the Caisses d'Epargne. This activity now takes place within the framework of an overall CSR strategy.

In 2011, the Caisses d'Epargne confirmed this commitment by setting aside €15.5 million to fund 1,100 general interest projects under the banner of corporate sponsorship. In line with their identity as regional cooperative banks, most of this philanthropic funding (€11 million) is used to support local or regional activities. Each Caisse d'Epargne has its own specific philanthropy policy tailored to the strengths and weaknesses of its region (as measured by diagnostic exercises, etc.).

Furthermore, €4.5 million has been dedicated to supporting the two national foundations (the *Fondation Caisse d'Epargne pour la solidarité,* which works mainly with the elderly, and the *Fondation Belem,* which manages the conservation, operation and promotion of a 19th-century three-master that is still sailing).

The main areas of focus are as follows:

- social inclusion through employment – 25% of donations;
- independence for the elderly, infirm and disabled – 25% of donations;
- sports, culture and heritage – 20% of donations;
- access to knowledge and fundamental needs (reading, writing, arithmetic, housing, clothing, etc.) – 13% of donations.

Philanthropic activity undertaken by the Caisses d'Epargne has the following unique characteristics:

- supported initiatives are sponsored by socially responsible economic agents at a local level;
- projects are selected on the basis of their ability to produce social results, including in particular a lasting improvement in their beneficiaries' circumstances; a specific assessment system is put in place for each project funded;
- projects are selected at a regional level with the involvement of the directors of Caisses d'Epargne (who choose priority themes, select candidates, and monitor and assess projects); as such, this philanthropic commitment is closely linked to the cooperative life of each Caisse d'Epargne.

6.2 Groupe BPCE: a socially responsible company

6.2.1 Groupe BPCE's human resources policy

EMPLOYEES: HELPING TO BUILD THE GROUP

Our human resources policy helps build and develop Groupe BPCE on a day-to-day basis, with a bold ambition: to develop employee commitment, trust and pride in belonging to the Group. Several key steps were taken in this area in 2011, enabling the Group to attract more talented individuals, integrate them more effectively and build loyalty among all staff.

THE FIRST GROUP AGREEMENT ON OCCUPATION AND SKILLS FORECASTING

Developing employees' skills, offering attractive career opportunities and fostering employee mobility are some of the priorities within Groupe BPCE's employment policy. The signing of the first Group agreement on occupation and skills forecasting represents a key step in fulfilling these objectives, and demonstrates the desire of both management and labor to anticipate evolving employment patterns in a changing environment. The agreement, which covers almost 150 companies, introduces common reference points for all employees in the areas of HR management, training and mobility. Mobility is considered a key instrument in managing employees' skills and careers. Work has begun with around 20 businesses to create a jobs repository and identify career paths and potential opportunities for job moves.

A NEW IMAGE AS AN EMPLOYER

In 2011, Group companies recruited almost 6,000 employees on permanent contracts, with more than 70% of these in sales. To meet its recruitment needs, on September 5, Groupe BPCE launched its first *Image Employeur* ("Employer Image") campaign, with the twin goals of attracting and retaining talented individuals. Consistent with the identity of the Group's major brands (Banque Populaire, Caisse d'Epargne, Natixis, Crédit Foncier and Banque Palatine), the chosen tagline – *Banquiers engagés* ("Committed bankers") – underscores both the Group's model and commitments to cooperative shareholders, regions and staff in the areas of mobility, diversity, training, management and career paths.

Alongside this new image campaign, complementary actions were undertaken to diversify sourcing and recruitment ("job-dating", no-cv recruitment, co-opting and "CV Express"). New in 2011 was the use of social networks (Viadeo, Facebook, etc.), which accounted for around 15% of all recruitment and is set to expand over the next few years.

INNOVATION IN SUPPORT OF TRAINING [GRI LA 11]

In 2011, the Group's training teams had the opportunity to explore new teaching methods. Following the design in 2010 of the first serious game – *Ludiville* – dedicated to real estate lending, a new module was developed. Known as *Reflex'vente*, it aims to help employees learn the right reflexes in sales interviews. It does this by reconstructing ten typical situations.

Another method that has been tried is virtual classes. This project aims to meet businesses' budget and time constraints, as well as the needs of employees, by favoring direct access to training providers. Modules are already available covering taxation, insurance and the rules governing training.

For the Banque Populaire banks, employees involved in the "Internal/external new business" project needed specific support, which was delivered through ten newly designed modules. In the Caisses d'Epargne, the "BDR" strategy ("the bank for regional decision-makers") similarly led to an overhaul of the dedicated training offering.

Finally, a specific training course available to both networks was created to support the rollout of the *Ambition Assureur* insurance project that forms part of the Group's strategic plan.

MANAGING CAREER PATHS OF EXECUTIVES AND HIGH-POTENTIAL STAFF [GRI LA 11]

A unified approach to managing Group executives is now a reality. A group-wide system for identifying, selecting and supporting future top managers, senior executives and high-potential staff was introduced in 2011. In a similar vein, four training paths were launched in 2011: the "Global leaders" program, aimed at future executives; the "Advanced Management Program" for senior managers; the "High-potential staff" course supporting talented young employees; and the Essec program, which is now open to managers from all Group companies. This new initiative was rounded out by a dedicated training program for executives and managers with *à la carte* seminars.

SUCCESS OF THE FIRST "INTERNAL INNOVATION AWARDS"

The awards, which were launched across the Group on March 21, were the result of one of the action principles set out in the Group strategic plan: "Promoting initiative and entrepreneurial spirit". They aim to boost awareness of innovative activities carried out by employees across all of Groupe BPCE's business areas. A total of almost 120 applications were submitted, covering 286 employees. The most innovative activities and the 23 staff members behind them were recognized by five Panel Awards, two "favorite innovation" awards and an employees' award.

A COMMITTED AND RESPONSIBLE APPROACH

In keeping with its traditional values, Groupe BPCE works to promote corporate social responsibility (CSR), in particular through its committed disability policy and a proactive approach in favor of gender equality in the workplace. These priorities are intended to ensure that the Group delivers performance that is both sustainable and responsible.

INCREASED EFFORTS IN RELATION TO DISABILITY

In addition to recruitment activity, staff retention and targeted awareness-raising, various landmark initiatives were carried out in 2011 in relation to disability. The responsible purchasing and disabilities policy ("PHARE") was successfully rolled out in 2011, culminating in particular in the second PHARE conference. Since the introduction of the policy, the volume of purchases from companies working with people with disabilities has risen more than 50% to €4.5 million. A training course has been put in place with the *Institut d'Études Politiques* in Paris, aimed at Disability officers in all relevant functions. In the same vein, Groupe BPCE has entered into a partnership with business schools as part of the *Passerelle* scheme aimed at helping young students with disabilities enter the workforce. Finally, an initial awareness campaign was carried out among Group senior managers as part of the ESSEC training program.

A CONCRETE COMMITMENT TO GENDER EQUALITY

The Group's commitment to gender equality is reflected in specific targets in the areas of recruitment, promotion and training. The two occupation and qualification forecasting units within the Banque Populaire and Caisse d'Epargne networks have undertaken separate surveys on career advancement among female staff in each network. The information gathered is now being used to help promote gender equality and raise awareness of professional equality among HR staff. As part of this approach, the Group has also signed up to the *Financi'elles* project, which aims to bring together networks of women executives working for major banking groups.

GROUP-WIDE EMPLOYEE DIALOGUE

In addition to the introduction of occupation and skills forecasting (see above), employee dialogue continued through two other Group bodies: the Group Works Committee and Subgroup Works Committees.

Three collective agreements were also signed within the Banque Populaire network, covering changes in trade union law, salaries and gender equality in the workplace. Within the Caisse d'Epargne network, collective bargaining focused in particular on working conditions, which will continue to be reviewed in 2012.

IMPROVING QUALITY OF LIFE IN THE WORKPLACE

Groupe BPCE has continued initiatives to improve quality of life in the workplace for all staff.

All Group companies with more than 500 employees have launched detailed surveys of psychosocial risks, involving representatives of management and labor, occupational health professionals and accredited outside experts. At the end of 2011, 90% of these companies had finalized the diagnostic process, and 65% are currently rolling out action plans put together in light of their specific context and challenges.

MANAGING EMPLOYEE RELATIONS ISSUES

Employee relations issues fall within the remit of the Human Resources division, which is represented on the Group's Management Board.

RIGHT TO FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING [GRI HR5]

The law states that no employees may be punished, laid off or discriminated against as a result of them trade union activities.

Furthermore, collective bargaining takes place at Groupe BPCE level, as well as within the Caisse d'Epargne and Banque Populaire networks and the main Group companies.

The Group agreement signed in October 2011 sets out, on a trial basis and for a period of two years, an assessment framework and training arrangements intended to take into account the skills acquired by employee representatives in the course of fulfilling their duties.

PREVENTING DISCRIMINATION

BPCE acts to support and protect individual rights by complying with all legislation and standards laid down in respect of employment, particularly in relation to equal pay, working hours and child labor. In many cases, the Group goes further than what is required.

For example, in addition to its Disability Policy and Diversity Charter, in 2011 the Group rolled out targets for the number of women in senior positions. The proportion of women in top tier senior executive roles is set to rise from 10% to 20% by 2013, while the proportion of women executives should rise from 36% to 40% over the same period.

OTHER ACTIONS TO MANAGE EMPLOYEE RELATIONS ISSUES IN FRANCE [GRI HR6, HR7, HR9]

In light of their local and national activities, in order to comply with French legislation Groupe BPCE's French companies must manage various employee relations issues relating to sustainable development, such as ensuring that suppliers do not make use of child labor, addressing the problem of forced labor and ensuring that their activities do not contribute to the violation of the rights of indigenous peoples.

6.2.2 Groupe BPCE's environmental approach [GRI EN 30]

The internal sustainable development approach is headed up by the five-person Sustainable Development Division within the Coordination Division of Commercial Banking and Insurance.

The Division communicates sustainable development policy through a network of 50 sustainable development officers. Each Banque Populaire and Caisse d'Epargne regional bank has its own sustainable development officer, as do most Groupe BPCE companies.

In 2011, BPCE's Sustainable Development Division had its own dedicated budget, which was used to support market operations, marketing research into green growth, and internal and external awareness campaigns such as the first national conference on green growth.

Each regional bank and Groupe BPCE subsidiary has its own dedicated sustainable development budget, enabling it to implement national policy and support local activities.

REDUCING THE GROUP'S CARBON FOOTPRINT [GRI EN5, EN18, EN19]

An innovative carbon review method

In 2002, BPCE became the first banking group to carry out a bilan carbone® [(1)] (carbon review). This groundbreaking experience showed that, while the carbon review method is straightforward, the initial data collection phase is very time consuming, and cannot therefore be repeated every year and used as a genuine performance indicator.

This led the Group's local banks to discuss the idea of developing a sector-based carbon review dedicated to the retail banking business. This review has the benefit of being easy to undertake, as it is based on a limited number of emissions indicators and can consequently be updated annually. In spite of the limited amount of information, emissions are calculated just as accurately. This means that the tool used helps the Group's retail banks to achieve their operational efficiency targets. It enables sustainable development managers to focus on corrective action to be set up based on the carbon reviews.

The tool was initially rolled out to the Banque Populaire network and is currently being adapted to the Caisse d'Epargne network and BPCE IOM's other local banks.

A sector-based carbon review is also being developed for service sector real estate. This will make it possible to easily review carbon emissions for service sector real estate not used for banking purposes in 2012.

These two tools will thus enable Groupe BPCE companies with more than 500 employees in mainland France and those with more than 250 employees in the overseas departments and territories to comply with regulations on the disclosure of greenhouse gas emissions.

National carbon reduction plan

As the first French group to have carried out a carbon review in 2002, BPCE is fully committed to reducing the carbon footprint of its companies and subsidiaries. As of now, all the cooperative banks have completed carbon reviews and undertaken actions to reduce greenhouse gas emissions in line with each bank's regional and economic circumstances. These actions are constantly being improved *via* shared best practices.

Article L. 229-25 of the French Environmental Code *(Code de l'environnement)* requires all Group entities to publish public carbon reviews, which must be updated every three years and accompanied by a summary of planned actions to reduce greenhouse gas emissions.

Within a cooperative network such as Banque Populaire or Caisse d'Epargne, the approach of producing regional reduction plans conflicts with the need to streamline regulatory reporting of compliance actions for the whole group.

To simplify the approach, a national carbon reduction investment plan has been put in place. This BPCE carbon action plan identifies all the most relevant equipment in terms of reducing carbon emissions according to the bank's four main areas of activity: energy, travel, hardware and services, and depreciation (real estate and IT equipment). It also identifies all the most relevant energy efficiency actions.

Linked to these items of equipment is the financial value of energy saving certificates issued at the time of installation, as well as carbon credits under the domestic carbon procedure put together by BPCE in 2007 in conjunction with the *Caisse des dépôts et consignations*.

This plan thus provides a common organizational framework for all Banque Populaire banks and Caisses d'Epargne in terms of investment in energy efficient equipment. It also provides a consistent reporting framework for all reduction measurements, making it possible to ensure that practices are adopted uniformly across all Banque Populaire banks and Caisses d'Epargne, irrespective of growth rates.

Finally, the financial value of energy saving certificates and carbon credits facilitates investment in energy efficient equipment.

The plan has been rolling out since 2011, and will see carbon reduction actions inventoried and quantified for the first time in 2012.

MANAGING BIODIVERSITY [GRI EN 11, EN 12, EN13, EN14]

Banking has no material impact on biodiversity. Light of this observation pertaining to the Group's core business, no specific strategy on biodiversity has been implemented.

BPCE is, however, taking an interest in this area, since it affects the activities of citizens as well as some of its customers. On rare occasions, biodiversity protection projects have been supported *via* financing activities. An example was financing the restoration of Vincennes zoo *via* a public-private partnership granted by Caisse d'Epargne Île-de-France. This type of project is an early example of how banking will, in the future, increasingly take into account biodiversity.

However, despite this example, it is currently impossible to incorporate biodiversity into banking. There is no financial mechanism – like, for example, that on the carbon market – for recognizing the biological value of biodiversity and accelerating the environmentally friendly investment process. However, BPCE remains interested in this issue and has been monitoring the mechanisms used by biodiversity compensation funds since their inception at the biodiversity summit in Nagoya.

The Sustainable Development Division plans to map the physical distribution of the Group's banks across regional natural reserves. These areas are faced with the challenge of reconciling economic activity with the need to protect biodiversity. This action should provide opportunities to share banks' internal best practice in conjunction with the practices used by regional natural reserves.

Various Group companies are showing an interest in this issue by supporting nature protection projects through sponsorship activities.

(1) *Bilan carbone® is a registered trademark of ADEME.*

MANAGING WATER [GRI EN9, EN 21, EN23]

Strictly speaking, the bank does not have a significant impact on water consumption and wastewater outside of domestic use. However, as water is a scarce asset, various initiatives are underway to reduce consumption..

MANAGING WASTE

The bank complies with regulations on recycling and ensures that its subcontractors are also compliant with respect to the following:

- waste arising from work on Group buildings;
- waste electrical and electronic equipment (WEEE);
- office furniture;
- light bulbs;
- management of liquid refrigerants;
- office consumables (paper, printed material, ink cartridges, etc.).

MANAGING ODORS, NOISE AND LIGHT POLLUTION

In light of the Group's activity, there is little risk of odor pollution.

The concept of noise pollution encompasses disruptive noise from various sources, the consequences of which range from a passing disturbance to more frequent, repeated disturbances that can have serious repercussions on health and quality of life and/or the functioning of ecosystems. Even when a company is compliant with applicable regulations, residents may occasionally perceive a disturbance at certain sites. In such cases, the company in question seeks to resolve the issue through dialogue and by adapting its facilities (controlled ventilation, air conditioning, etc.), defining usage times or even replacing equipment.

Light pollution refers to the presence of an abnormal or disruptive amount of light at night and the impact of night-time artificial lighting on ecosystems. The Decree[1] implementing Article 175 on preventing and limiting light pollution, from the "Grenelle 2" Act, will require the Sustainable Development Division to work with BPCE's Real Estate and General Services Division to schedule work to ensure that lighting in Group buildings complies with this new legislation.

SUSTAINABLE PROCUREMENT [GRI EC6]

Sustainable development policy in relation to procurement is defined at a national or global level for Group companies and at a local level to take into account the operating environment for cooperative banks. Many of the latter prefer to meet their procurement needs through local French suppliers. In order to protect such local supply arrangements, supply agreements negotiated by BPCE Achats remain optional.

BPCE Achats offers solutions that enable Group companies to meet their commitments, including those in relation to CSR. In general terms, the consultation packs that are sent out include a very comprehensive list of questions on the commitments given by those suppliers surveyed in relation to sustainable development, as well as areas in which the Group wishes to see its partners focus their efforts and actions:

- societal engagement;
- environmental protection;
- protection of human and social relations;
- a commitment to ethics and economic and sustainable development.

Service providers declare that comply with Groupe BPCE's policy and undertake to make every effort to work on these areas.

These factors are taken into consideration when rating responses on a qualitative basis, and are therefore reflected in the choice of suppliers (with weightings varying by subject). Article 20 of the agreements states that "BPCE Achats and all Groupe BPCE companies are committed to fulfilling their social and environmental responsibilities". Over and above their own actions in this area, which include the systematic social and environmental assessment of suppliers by way of consultations, BPCE Achats is working to ensure that sustainable development is increasingly taken into account by its contractual partners. Similarly, in order to support our cooperative banks' commitment under the Global Compact, the Group sourcing agreement includes a reference to the fact that the supplier has chosen to subscribe to this approach in order to support and apply the ten fundamental values recommended in the areas of human rights, labor standards, the environment and the prevention of corruption.

The responsible purchasing and disabilities policy, launched in 2010, with the aim of encouraging Group companies to work with disability friendly companies, continued in 2011.

In 2011, various projects improved sustainable procurement policy for all purchases within the remit of the General Resources and Real Estate Division. In respect of electricity supply, two offerings from *Direct Énergie* were made available: a basic offering that includes 20% green energy, and another that consists of 100% green energy. The Group office supplies catalogue, used by Group companies to compile their own catalogues, includes designated sustainable development products: recycled paper, 75 g paper (which saves on paper) and supplies manufactured from recycled materials. Such products are increasingly in demand: in the final quarter of 2011, for example, they accounted for around 40% of products listed by the Group's supplier Fiducial and 50% of Group expenditure, while 75 g paper represented 65% of Group expenditure.

Agreements covering logistical services and office supplies include financial incentives aimed at reducing the number of deliveries by increasing average order amounts. Partnerships with companies specializing in both office supplies and logistics make it possible to arrange single deliveries (rather than two separate deliveries), thus limiting the number of deliveries and the related CO_2 emissions.

As regards the vehicle fleet, the Group vehicle catalogue favors vehicles with the lowest CO_2 emissions in each category. All vehicles have emissions lower than 140 g; the Group plans to list electric and hybrid vehicles in 2012.

The introduction of a group-wide sustainable and responsible procurement policy is something that will evolve over time, and supports BPCE's Sustainable Development Division and members of the dedicated working group in identifying issues that need to be monitored and financial and societal targets aimed at improving sourcing performance.

(1) *Decree 2011_831 of July 12, 2011.*

MANAGING ENVIRONMENTAL RISK

Given that it operates in the service sector, Groupe BPCE's corporate activities do not give rise to any significant environmental risks. Environmental risk mainly arises from the Group's banking business. This risk is very low for local banks that concentrate on financing businesses in France which, apart from a few exceptions, are mostly independent professionals and SMEs not involved in environmentally controversial projects. In addition, businesses and equipment that represent an environmental risk are covered by "ICPE" regulations (*Installation Classée pour la Protection de l'Environnement* – classified environmental protection facilities).

Such risks are mainly associated with financing in other countries with less advanced environmental regulations where large-scale projects can give rise to environmental risks. As a result, most such risks are borne by Natixis through its asset management and project finance businesses.

INCORPORATING SUSTAINABLE DEVELOPMENT INTO ASSET MANAGEMENT

Products that incorporate ESG (environmental, social and governance) criteria into their investment approach, known as SRI products and sold by the Group's banks, are mainly designed by Natixis Asset Management (AM), which ensures that they are transparent.

According to Natixis Asset Management, transparency is one of the key components of SRI. As well as the need to provide investors with exhaustive information, clarity and ease of understanding are key concerns for the management company asset. With this in mind, NAM has set up a dedicated page on its website combining all the information needed to understand its activities in this area, including in particular the following:

- its sustainability research and SRI investment philosophy;
- its voting and engagement policy;
- simplified access to all specific SRI funds under the Natixis *Impact* brand (ESG selection, themed funds, responsible funds, etc.);
- for each of these funds: a fact sheet setting out the SRI approach and investment process, a sustainability report including various indicators for assessing the contents of the portfolio from an ESG perspective, regular publication of the list of securities held, and the AFG/FIR Transparency Code summarizing key information about the fund.

To make it easier for the general public to identify these funds, Natixis AM has applied for the *Novethic* label for several of its products dedicated to this category of inexperienced individual investors. *Fructi H20*, *Ecureuil Bénéfices Environnement, Ecureuil Bénéfices Responsable, Ecureuil Bénéfices Emploi,* and *Insertion Emplois Dynamique* all received this label in 2011 by meeting the requirements laid down by Novethic, which has made access to information a core component of its rating methodology.

In addition to its SRI product ranges, Natixis AM advocates transparency in the broadest sense and is careful to communicate as openly as possible on the extent to which its portfolios take into account sustainability criteria. By way of proof of this commitment, Natixis AM is one of the 44% of signatories that agreed to the publication of their responses to the annual PRI (Principles for Responsible Investment) survey, which reports on progress made with regard to each of the principles under this initiative.

INCORPORATION OF SUSTAINABLE DEVELOPMENT CRITERIA INTO PROJECT FINANCE [GRI FS2, FS5]

In adhering to the Equator Principles (EP) in December 2010, Natixis recognized the importance of taking into account environmental and social (E&S) aspects when reviewing and monitoring financing for new projects and the need to adopt a methodology that is recognized by the market and used by a large number of financial institutions.

In the course of 2011, Natixis' financing arm formed a dedicated ESR (environmental and social responsibility) team. The focus was on defining a method for assessing and approving financing operations that involves the relevant business lines, the ESR team, the Risk division and the various bodies associated with Natixis' credit approval process. The ESR team developed staff training sessions.

Under this organizational approach, business lines are directly responsible for analyzing and monitoring the E&S aspects of financing operations, including in particular categorizing projects according to the extent of their E&S impact (A = high impact; B = limited impact; C = little or no impact), which influences the internal credit approval process.

The ESR team carries out a parallel review of key financing operations in order to approve or correct the analysis undertaken by the business lines. If necessary, the team can raise awareness among Natixis CIB (Corporate and Investment Banking) senior management of any specific E&S-related issues in relation to transactions.

All new project financing operations submitted to credit approval bodies are accompanied by an E&S appendix (attached to the credit application report) summarizing key components of the project assessment. This appendix is drawn up by the business line and – for category A and B projects – supplemented by the ESR team, which approves or corrects the classification and sets out its position and any recommendations.

A separate approval process is used for the most sensitive projects (i.e. mainly category A projects), with decisions made by a higher-ranking credit approval body.

In order to express its view in discussions following the strategic review of the EPs in February 2011, Natixis played an active role in two task forces, one on the scope of the EPs and the other on reporting and transparency. This involvement proved to be a valuable way of quickly getting up to speed – as a new signatory of the EPs – with the challenges facing the Group's members, in preparation for the upcoming amendment (Amendment III).

Natixis will adjust its internal processes accordingly to take into account the adoption of the amendment and the associated conditions.

6.3 Groupe BPCE's sustainable development policy in the banking business

Projects managed by individuals, companies and local communities increasingly include environmental and societal aspects that call for financial solutions based on appropriate products and services.

All the Group's commercial banking businesses are committed to recognizing these trends, and most of them are introducing products and services that respond to these societal changes.

BPCE aims to reconcile as much as possible the ethics of the CSR appraoch and banking sector efficiency. This underlying aim explains the decision to make the Sustainable Development Division a part of Commercial Banking and Insurance, so that it is as close as possible to our markets. This demonstrates the Group's maturity and its desire to embed sustainable development into both customer relationships and day-to-day banking activity.

6.3.1 Quality policy [GRI PR5]

The Group has put customer satisfaction at the heart of its strategy. To ensure that we deliver on this commitment, each of our networks has put in place mechanisms to measure the quality of customer relationships in a way that is aligned with its identity and specific characteristics.

Both networks have introduced national customer listening schemes covering all the regional banks. Each network runs a national customer satisfaction survey, which surveys individual and professional customers from across the regional banks every two months. A total of 20,000 customers are surveyed, and the bank receives a report setting out the findings. Satisfaction surveys are also carried out among corporate and private banking customers. One-off customer surveys covering specific subjects have also been carried out, with examples being "Recognizing loyalty", "Easy banking", "Pricing", "Customer support when changing advisers", etc.

This national program is supported at a regional level: each cooperative bank is provided with the resources it needs to undertake its own surveys, which serve in particular to break down customer satisfaction by branch. Each regional bank is responsible for recording and handling complaints.

All these customer listening activities feed into improvement plans. Groupe BPCE has rolled out a tool to help the regional banks build quality management processes and implement improvement plans. Improvement projects covering all the banks are managed by BPCE quality teams based in the networks. Best practice in relation to service quality is shared throughout the Group's banks.

In addition to these actions specific to our cooperative networks, other Group entities have put together their own quality policies.

6.3.2 Designing sustainable banking products [GRI PR3, PR6, FS8, FS15]

RESPONSIBLE MARKETING OF BANKING PRODUCTS

In September 2010, BPCE introduced an approval procedure for new banking and financial products and services aimed at customers of both networks. This followed the harmonization of procedures that had existed for several years within the Banque Populaire and Caisse d'Epargne networks before their central institutions were merged into one.

In particular, the procedure aims to ensure that the risks associated with marketing products to customers are adequately managed. It does this by ensuring that all relevant regulatory requirements are taken into account in a product's design, promotional literature and sale.

It draws on the various different areas of expertise within BPCE (including in particular legal, finance, risk, information systems and compliance). Contributions from experts in these areas are brought together within the Review and Validation Committee for new Groupe BPCE Products (CEVANOP), and each product must be approved before it can be brought to market.

A similar procedure applies to the selling process, and in particular the distance selling process, as well as customer-facing sales materials.

The Group has not implemented a systematic ESR labeling scheme across all the BPCE network's banking products. Products with a significant ESR component, environmental products, social products and responsible products form part of a specific range to enable customers to easily identify them.

RESPONSIBLE MARKETING IN ASSET MANAGEMENT [GRI FS11]

Natixis AM has developed a dual approach under which ESG criteria can be taken into account to varying degrees.

The first approach, known as "Core SRI", consists of limiting the investment universe by offering only specific products. Portfolios categorized "Core SRI" under the Natixis *Impact* brand are aimed at the increasing number of investors with firm convictions in relation to sustainable development and responsible investment. With a total of almost €9 billion in assets under management, this "Core SRI" range spans all asset classes and makes use of the main SRI approaches:

- "ESG selection" funds favoring companies that have an attractive profile within their sector, both in extra financial terms in light of ESG practices;
- themed funds investing in companies that provide solutions to sustainable development challenges (e.g. climate change);
- solidarity based funds using, a proportion of their assets (5-10%) to finance economically responsible projects (microcredit, social inclusion through employment for people in difficulty, social housing, etc.).

The second approach, known as "Mainstream SRI", incorporates SRI aspects in a less discriminatory and more progressive way, but across all investment processes.

It applies to virtually all Natixis AM's assets under management, aiming to ensure that ESG criteria are taken into account in all investment decisions. However, unlike specific funds, the impact on portfolios is not systematic. Natixis AM's determination to work towards this aim is demonstrated by its adherance to the Principles for Responsible Investment (PRIs) in 2008. Natixis AM's top quartile ranking across virtually all the PRIs in 2011 illustrates the proactivity of its "Mainstream SRI" approach.

Both approaches are based on solid in-house expertise in extra-financial research. In this way, Natixis AM is making every effort to ensure that ESG aspects are embedded at the heart of its business and to favor an integrated approach that takes into account both financial and extra-financial criteria:

- SRI research is shared widely: in particular, work produced by the extra-financial research team is made available online *via* an informative website that can be accessed by all investment teams;
- efforts are made to raise awareness of ESG issues among investment teams, through training and regular dialogue, particularly at SRI Committee Meetings. These bi-monthly meetings convene SRI specialists and are open to traditional investment teams;
- financial/credit and SRI teams work together closely (joint meetings with companies, interactions, etc.).

RESPONSIBLE MARKETING IN PRIVATE EQUITY

Through Natixis Capital Investissement (NCI), Natixis makes equity investments in unlisted SMEs. NCI consists of seven asset management companies specializing in private equity in France (Naxicap and Alliance Entreprendre), venture capital (Seventure and Masseran Gestion) and funds of funds (Dahlia-Masseran for Europe, Caspian for the United States and Eagle for Asia).

As a member of the Steering Committee of the Sustainable Development Club Afic (*Association professionnelle française du capital investissement* – the French private equity association) since September 2009, Natixis Capital Investissement has helped compile sustainable development best practices for the private equity industry. In late 2010, it helped write a white paper entitled "Private equity and sustainable development". In particular, this white paper recommended that asset management companies sign the UNPRIs (United Nations Principles for Responsible Investment) and define an ESG (environmental, social and governance) approach to be applied to the unlisted companies in which they invest.

This recommendation was transcribed into law by the Act of August 1, 2011 (Article L. 533-22-1), under which all asset management companies managing mutual funds (including venture capital funds used in the private equity industry) are required to disclose their ESG strategy in their annual reports with effect from 2012, as well as *via* their websites.

In July 2011, the private equity Management Committee, which consists of executives from the division's various asset management companies, decided to launch an ESG approach in 2012. This will ensure that sufficient progress has been made by early 2013 to be able to provide the required information in fund reports in respect of 2012.

MANAGING BANKING-RELATED SOCIETAL RISKS [GRI FS2, PR9, SO7, SO8]

Under Group policy, the Banque Populaire, Caisse d'Epargne and Natixis networks are not allowed to finance or invest in businesses involved in manufacturing, selling or storing anti-personnel mines or cluster bombs.

Similarly, in 2011 the Group was not sanctioned for any anti-trust or monopolistic behavior.

6.3.3 Solidarity-based lending [GRI F57, F514]

As regional cooperative banks, the Caisses d'Epargne and Banque Populaire banks have developed financial tools that foster social cohesion in the regions within which they operate. Since they themselves fall within the "social and solidarity-based economy" sector (according to the 2010 INSEE classification), they favor local partnerships and do not engage in selective customer acquisition.

SOLIDARITY-BASED SAVINGS

With total assets under management of €3.15 billion at end 2010, solidarity-based savings have grown fivefold since 2004 – more quickly than most other investments – with all three major product families in the category experiencing growth: solidarity-based employee savings, bank savings and savings invested in the equity of solidarity-based finance providers. The underlying investments are in unlisted companies, which are selected on the basis of their role in preventing social exclusion, promoting social cohesion and managing their environmental impacts. Market association Finansol monitors the sector and issues solidarity labels. In its latest business survey undertaken in November 2011 (Finansol/La Croix survey, 2011-2012 edition), Groupe BPCE's market share stood at 57.5% of assets under custody or administration based on the combined performance of Natixis Interepargne (24.9%), Crédit Coopératif (18.8%), Caisses d'Epargne (11.3%) and Banque Populaire banks (2.5%).

Solidarity-based responsible passbook savings accounts

The Group offers various solidarity-based accounts passbook savings accounts, most of which have been awarded the Finansol label.

The CODEVair passbook savings account promotes solidarity and is environmentally friendly. It is available at 15 Banque Populaire banks, seven of which have secured the Finansol label. This account usually pays interest at a reduced rate to enable preferential loans to be granted to environmentally friendly projects. In this way, it helps provide funds for the development of wind farms in France.

The *Agir, Livret A comme Agir, Livret jeune Agir, Livret caisse solidaire du Nord-Pas de Calais* and *Codesol* accounts are interest-sharing accounts offered by Crédit Coopératif. Interest earned on these accounts is shared with an association.

Another category of passbook accounts links savings to donations. With Caisse d'Epargne's *Livret A Kipouss,* €1 is paid to an association for every account opened, and with Crédit Coopératif's *Livret Scoopy,* €3 is paid to the account-holder every year for sponsorship activities.

Solidarity-based responsible asset management

The Group is a leading supporter of solidarity through investment products. Two types of such products are available: solidarity-based investments and shared return investments.

Solidarity-based investments are mainly offered by Natixis Asset Management (NAM) and are represented by "90:10" funds, which consist of 90% SRI stocks and 10% solidarity-based stocks.

The solidarity-based range investing in social inclusion through employment is broken down into three asset classes: dynamic, balanced and cautious. The *Insertion Emplois* (social inclusion through employment) fund was France's first 90:10 fund, launched in 1994 *via* Caisses d'Epargne. At the end of 2011, the range boasted total assets under management of €285.8 million. The 10% solidarity-based portion is used within the France Active investment company and solidarity-based companies. In 2011, these funds helped create or protect 17,000 jobs. Groupe BPCE is one of the main subscribers for this range through employee savings, life insurance and Caisse d'Epargne profiled funds. In addition, funds are held directly by customers *via* the *Fonds Ecureuil Bénéfices Emploi* fund, and several Group institutions use the range for asset and liability management purposes.

Another fund, the *Natixis Impact Nord Sud Développement* open-ended investment fund, consists of 90% international SRI bonds and up to 10% stocks issued by microfinance institutions. At the end of 2011, this fund represented total assets under management of €71.8 million. It is available through both of the Group's cooperative bank networks.

Crédit Coopératif offers other funds of this type, such as the *Placement Choix Solidaire*, where 5-10% of the fund is invested in socially responsible companies. This type of open-ended investment fund is managed by ECOFI Investissement, part of Crédit Coopératif.

Shared return investments are mainly offered by Crédit Coopératif. The *Faim et Développement* (Hunger and Development) fund, launched in 1983, was Europe's first shared return fund and is managed by Crédit Coopératif. The fund carries the Finansol label. Crédit Coopératif offers six other shared return investment products.

Solidarity-based private equity

Natixis' Private Equity business has been a partner of the European Venture Philanthropy Association (EVPA) since 2007. At the initiative of Natixis, Afic's sustainable development club decided to promote the EVPA when it presented its 2011 "Venture Philanthropy for Private Equity" survey.

Natixis' partnership with PhiTrust Partenaires is a good example of the choice of a private equity professional that focuses exclusively on companies with a social purpose and an obligation to deliver performance in a variety of sectors including social inclusion, social housing, microcredit, fair trade, innovation and new business creation in Africa.

Venture philanthropy consists of investing capital without seeking high returns, by freely providing the expertise of Natixis staff in arranging and managing equity investments in small companies (governance, reporting, providing access to contacts, identifying potential partners to secure companies' long-term future, etc.). Alongside Natixis, Natixis Asset Management and Crédit Coopératif have invested in PhiTrust Partenaires, which was awarded "solidarity-based investment" status in late 2011.

Financial inclusion

For the Caisse d'Epargne and Banque Populaire networks, providing see granting access to credit and banking services to various populations in difficulty is an integral part of their business. They provide differentiated solutions, and their cooperative identity is aligned with the need for approaches that are tailored to the circumstances of certain customers at the margins of the traditional banking system.

Development of microloans

The Banque Populaire and Caisse d'Epargne banks are committed to offering government-backed microloans to both business and personal borrowers, with the support of a general interest association. Within the scope defined by the 2010 Lagarde Act, microloans financed by Groupe BPCE totaled €123 million at end 2011, including loans complementing the "Nacre" scheme (*Nouvel accompagnement à la création d'entreprise* – new support for business creation).

Microcredit products were initially developed for businesses in the 2000s, before being adapted to individual customers from 2006 onwards with the establishment of the *Fonds de cohésion sociale* (social cohesion fund) managed by the *Caisse des dépôts et consignations,* in which Caisse d'Epargne and Crédit Coopératif are stakeholders.

Caisses d'Epargne is France's number one retail bank for personal microloans, with a 38% market share. In 2011, Caisses d'Epargne paid out €8 million to 3,855 individuals to help them with social and professional inclusion projects in partnership with more than 600 associations and local authorities. New trial approaches made it possible to reach new target groups: employees in the home care services sector, temporary staff, property owners and occupants in difficult economic circumstances. The Caisses d'Epargne have continued to roll out their *Parcours Confiance* banking support scheme, and are now able to distribute personal microloans in every French region.

The Caisses d'Epargne also foster financial inclusion in the area of microloans for businesses: they have granted 1,391 loans totaling €35.8 million, *via* various partner associations supporting project owners: France Active, France Initiative, *Réseau Entreprendre* and *Fondation de la deuxième chance.*

Banque Populaire regional banks' microcredit activities are focused on the business segment. The partnership between the Banque Populaire banks and Adie (*Association au droit à l'initiative économique* – Association for the Right to Economic Initiative) has enabled the IMF to use a refinancing facility to provide €6.9 million in funding to 2,399 project owners. The Banque Populaire regional banks also work with France Active, which has guaranteed 906 loans totaling €24 million. Most personal microloans are issued by Crédit Coopératif, with a total budget of €3.6 million set aside for 1,200 borrowers. Crédit Coopératif has been confirmed as the number two provider of personal microloans guaranteed by the *Fonds de cohésion sociale.*

Supporting the social and solidarity-based economy and microcredit networks [GRI SO1, SO9, SO10]

The social and solidarity-based economy is founded on the principle of reconciling the economic dimension of projects with their social purpose. As such, it supports areas of activity that meet new societal needs, such as fair trade, economic inclusion and solidarity-based savings. Our shared values of solidarity are the basis of the Caisse d'Epargne and Banque Populaire networks' commitment to and support for this sector, expressed coordinated in particular by AVISE.

Established by the *Caisse des dépôts et consignations* in 2002, AVISE is the French national agency responsible for promoting the social and solidarity-based economy. Crédit Coopératif and FNCE are among its founding members, and both BPCE and FNCE are represented on its Board of Directors. The three entities are also the association's main funding providers. Its primary role is to facilitate, support and promote social and solidarity-based entrepreneurial initiatives.

As regards microcredit networks, the Banque Populaire banks are financing the rollout of ADIGO branches to Adie customers. In 2011, BPCE, the Banque Populaire regional banks and the *Fédération nationale des Banques Populaires* granted this organization €328,325 to be used in supporting and monitoring project owners. This action was backed up by that of Natixis Asset Management, which was the leading manager of employee savings to contribute to the operation of Adie in 2011, with €3 million in funding provided *via* the *Natixis Solidaire* venture capital fund.

As regards the Caisses d'Epargne, the Parcours Confiance network was granted a CSR operating budget of €7 million to be used in supporting CSR project owners. The Caisses d'Epargne also provided €1.87 million in funding to partner support networks (France Active, France Initiative, portfolio management boutiques, the *Fondation de la deuxième chance* and the *Réseau Entreprendre* network).

On February 15, 2011, BPCE invested €1 million in *France Active Garantie*'s cash capital increase. Through its 13.63% equity stake (previously 6.13%), BPCE has strengthened its financial inclusion policy and its support for new business creation through the association. The Caisses d'Epargne and Banque Populaire banks finance more than 40% of the business microloans granted by France Active, the leading operator supporting employment in the social and solidarity-based economy.

Financial education [GRI FS16]

In 1957, the Caisses d'Epargne established the association *Finances & Pédagogie* (F&P), dedicated to providing financial education to a population gaining increasing access to banking products. As the benchmark player in the field, it now carries out budget education activities in France. F&P's activities are aimed at meeting current requirements by improving understanding of banking mechanisms and promoting financial inclusion, particularly among vulnerable individuals. In 2011, the association completed 2,760 education initiatives and received €1.92 million in support from the Caisses d'Epargne.

Most of these actions, centered on budgeting, banking relations, credit and savings, were aimed at the social economy and education services. As a training organization, *Finances & Pédagogie* also provides training to employees of companies in all sectors – including Caisse d'Epargne.

Ecureuil Coopération Internationale trains and supports financial organizations in developing countries through volunteer work by employees and former employees of the Group.

Agence des Banques Populaires pour la Coopération et le Développement (the Banques Populaires agency for cooperation and development) coordinates projects aimed at promoting and improving banking systems and financial organizations, local economies and the development of private sector financing in developing countries.

Presence in sensitive urban areas [GRI FS13]

Through the extensive coverage of our branch network and our presence in underprivileged areas, *Finances & Pédagogie* facilitates access to banking services throughout the country while fostering the provision of online and telephone-based banking services.

An initial internal survey carried out in 2006 mapped out the presence of Banque Populaire banks and Caisses d'Epargne in sensitive urban areas for the first time. Sensitive urban areas were created under the Government's policy of "winning back the suburbs[(1)]". The goal was to ensure that urban policy placed the emphasis on areas in which residents are faced with certain challenges. A second survey carried out in 2010 recorded an increase in the absolute number of Banque Populaire banks and Caisses d'Epargne in sensitive urban areas:

- the Caisses d'Epargne increased their presence (up 24% or 33 branches) in spite of a decline in the number of branches (with 170 branches located in sensitive urban areas in 2010, representing 23.7% of sensitive urban areas covered, compared with 137 branches in 2006);
- the Banque Populaire banks maintained and increased their presence in sensitive urban areas by opening new branches (with 59 branches in sensitive urban areas in 2006 compared with 67 in 2010, covering 9.3% of sensitive urban areas).

These results show that the activities of cooperative banks contribute to local economic development in sensitive urban areas. This development model is in line with the expectations of the OER (*Observatoire de l'épargne règlementée* – regulated savings observatory unit) on the bank's contribution to the residents of sensitive urban areas in light of the distribution of *Livret A* passbook savings accounts.

Aid for vulnerable customers

Personal accidents sometimes trigger challenging circumstances that can make it difficult to gain access to banking services, and can even lead to social exclusion. Consequently, the Caisses d'Epargne and Banque Populaire banks have formed partnerships with various organizations such as *Parcours Confiance*, *Missions Locales,* ADIE, *Agence Concordia,* etc., to support and monitor vulnerable customers. Both networks make use of these arrangements as instruments for financial inclusion.

These various areas in which the Caisses d'Epargne and Banque Populaire banks are involved form part of an approach based on local relationships and business under which offerings are adapted and new customer solutions are constantly generated.

PROMOTING SOLIDARITY-BASED FINANCE

BPCE is particularly involved in industry discussions at the European level aimed at ensuring that its voice on CSR is heard by European institutions; CSR is considered one of the future drivers of European growth, as indicated by its formal integration in the "Europe 2020" strategy[(2)] promoting "smart, sustainable and inclusive" growth.

(1) Act of November 14, 1996 implementing the urban policy revival agreement.

(2) http://europa.eu/press_room/pdf/complet_fr_barroso_-_europe_2020_-_fr_version.pdf.

To this end, it continuously draws on its proactive and collaborative work with European associations: the ESBG (European Savings Banks Group) and the EACB (European Association of Cooperative Banks).

Since the European Commission committed, in 2010, to "renew the EU strategy to promote Corporate Social Responsibility as a key element in ensuring long term employee and consumer trust", a series of discussions on CSR issues has taken place through consultations, conferences and communication campaigns.

As a cooperative bank, BPCE has been able to express its views through its answers to consultations: a consultation on the disclosure of non-financial information by companies[1], a consultation on social entrepreneurship[2] , etc.

It has also had the opportunity to promote, for example, its expertise in the area of microcredit by taking part in a series of workshops aimed at drafting a future microcredit code of conduct, as well as delivering a speech at the November 2010 European Multistakeholder Forum on CSR[3] as Chair of the European Savings Banks Group's Corporate Social Responsibility Committee.

With the October 25, 2011 release of the new communication on CSR[4] announcing the European Commission's new strategy and an action plan for the period 2011-2014 aimed at improving confidence in companies, BPCE will continue to be more proactive than ever in the area of CSR, which is now defined as "the responsibility of enterprises for their impacts on society."

6.3.4 Supporting green and responsible growth [GRI FS1]

Protecting the environment and preventing climate change: these requirements drive innovation, growth and jobs, through new goods and services developed to ensure that society adapts to sustainable development.

The obstacles to this adaptation are more financial than technical. Environmentally friendly equipment is more expensive to purchase (and therefore represents a larger investment) than conventional equipment, but is also less expensive to use. Longer ROI and a lack of visibility on environmental technologies lead to a perception of risk on these markets. This problem will only be solved by introducing dedicated banking products and services.

In 1990, with the creation by Banque Populaire Alsace of the first eco-loan, BPCE became the first banking group in France to support green growth through specific green banking products tailored to the economic characteristics of markets and the risk profiles of companies and the associated investments.

The Group is currently recognized as the bank that has innovated significantly in the area of financing sustainable development in general and green growth in particular. For example, it launched the first green passbook savings account in 1999, the first eco-loan in 1990, the first 90:10 shared return fund in 1994 and the first website dedicated to sustainable development and finance in 2001.

DEVELOPING GREEN FINANCIAL RESOURCES

Financial backing is needed to develop the environmental sector in France. There is currently a glaring mismatch between available financial resources and demand for green and responsible financing.

The question of access to financial resources is all the more strategic in that funding in some areas, such as energy efficiency, generates low returns; for these types of projects, conventional market resources are prohibitive.

At the "Grenelle" environment round table in 2007, BPCE alerted the authorities to the need to develop a green passbook savings account dedicated to green growth.

The BPCE network partly meets this need for green liquidity *via* the *CODEVair* account. Invented by Banque Populaire Alsace in 1999, this socially responsible green passbook savings account guarantees that funds will be used for environmental projects. Since its nationwide launch in March 2006, total balances on this affinity product have grown by more than 30%, reaching €326 million at end 2011. This represents tenfold growth in five years. The account also forms part of a strategy to help banks strengthen their balance sheets.

The Caisse d'Epargne network works to develop the environmental sector *via* refinancing through the European Investment Bank (EIB). Three years ago, it developed financing facilities for HQE-certified real estate in France. In November 2011, the Caisses d'Epargne Île-de-France and Rhône-Alpes, Crédit Foncier de France and Natixis Environnement et Infrastructure worked with the EIB, STIF and RATP to provide structured financing for the new T3, T5, T6, T7 and T8 tram lines in the Île-de-France region.

Since 2010, the Caisse d'Epargne network has leveraged its relationship with the EIB to facilitate responses to regional calls for tenders in the area of green growth. For a variety of projects aimed at individual customers and SMEs, as well as smaller local projects, the EIB joins forces with regions and – *via* calls for tenders – local partner banks to distribute special rate green loans that are partly guaranteed by the region. In 2011, Caisse d'Epargne and Banque Populaire won the €400 million call for tenders in the Centre region.

DEVELOPING GREEN FINANCING

Growth in environmental loans to individual customers and businesses – and particularly those intended for solar energy projects – was significantly disrupted in 2011.

The distribution of regulated green financing to consumers was adversely affected by various tax related and administrative changes. Various changes have been made to the CIDD (sustainable development tax credit) since January 1, 2011, including interest rate reductions and changes to eligibility criteria. Changes have also been made to the associated *Livret Développement Durable* (LDD) sustainable development passbook savings account. The *éco-PTZ* interest-free environmental loan can no longer be combined with the CIDD, and the option of combining the CIDD with the *PTZ+* interest-free loan for energy efficient buildings was not clarified until the middle of the year. Administrative

(1) *Public consultation, "Disclosure of non-financial information by companies", November 22, 2010: http://ec.europa.eu/internal_market/consultations/2010/non-financial_reporting_en.htm.*

(2) *http://ec.europa.eu/internal_market/consultations/docs/2011/social_investment_funds/consultation_paper_en.pdf.*

(3) *http://ec.europa.eu/enterprise/policies/sustainable-business/corporate-social-responsibility/multi-stakeholder-forum/index_en.htm.*

(4) *http://ec.europa.eu/enterprise/policies/sustainable-business/files/csr/new-csr/act_en.pdf.*

rules governing distribution of the *éco-PTZ* product were not simplified; in particular, the CIDD needs to be coordinated between loans based on the LDD passbook savings account and the *éco-PTZ*, and distribution of the *éco-PTZ* is subject to the completion of a 160-question questionnaire, wich needs to be simplified.

To improve the situation, a report on the distribution of the *éco-PTZ* loan was put together as part of the "Grenelle 2" building plan. As of now, the main proposals have not yet been implemented, with the exception of the linking of the CIDD to the *éco-PTZ* loan.

Green business financing for renewable energy was disrupted by measures adopted under the national consultation on solar energy. Solar energy had become the strongest growth driver of renewable energy in France. In 2011, a requirement was introduced under which financial performance guarantees had to be put in place for solar energy installations. Solar energy calls for tenders began to include a requirement for financial guarantees that solar energy sites would be restored to their original state at the end of their operational lives. SMEs and independent professionals do not have the financial resources needed to put in place such guarantees. Consequently, the solar energy market has shifted towards activity backed by major financing deals, and very few craftsmen and SMEs – who had been responsible for most of the growth in the solar energy sector – have been able to follow this trend. Local financing by cooperative banks has automatically declined as a result. Such financing has gradually been taken on by Natixis, which has significant expertise in this area.

Green financing for SMEs is now arranged by the Government *via* green loans through Oséo. Private sector banks offer green financing on a voluntary basis, an example being the Banque Populaire banks' *PROVair* loan.

ACTIONS IN SUPPORT OF THE SECTOR

The green growth sector is often quoted as a promising driver of economic growth in France. The obstacle to this driver is the lack of awareness and identification of companies making up the sector so that suitable banking products can be devised to support them.

In 2011, BPCE worked to support the sector *via* internal actions as well as by taking part in Government-organized working groups (see stakeholder relations).

Two key events were held in 2011. In March, the Group organized the first bank-organized conference on financing green and responsible growth. The chosen theme was renewable energy, supported by the national committee on solar energy. More than 400 people attended the event, including a large number of SMEs. In May, the Group supported the European Solar Days, which consist of an increasing number of European countries holding public and private sector events to present solar energy to consumers and businesses to help them equip themselves to use this type of energy.

6.4 Organization of CSR reporting

6.4.1 Scope of CSR reporting

ENVIRONMENTAL, SOCIETAL AND HUMAN RESOURCES INDICATORS

The indicators in question are those defined by the February 20, 2002 Decree on new economic regulations, known as the "NRE Act", supplemented by indicators linked to the new provisions of Article 225 of the "Grenelle 2" Act. These indicators were constructed in response to regulations arising from the Global Reporting Initiative (GRI). The correspondence between these indicators and GRI 3.1 (Global Reporting Initiative) indicators is indicated in square brackets.

SCOPE

- **For human resources indicators:**

All figures – with the exception of total Groupe BPCE headcount in France and abroad – are for Group companies in France (Banque Populaire companies excluding Crédit Coopératif and Caisse d'Epargne, i-bp, the central institution BPCE, SE MAB, Priam and SBE).

- **For environmental and societal indicators:**

All figures – with the exception of total Group headcount in France and abroad – are for Groupe BPCE companies in France. These figures are selected to cover the same scope as the Group's consolidated financial report. The geographical scope is limited to operations in France.

ENVIRONMENTAL AND SOCIETAL INDICATORS: ENTITIES THAT HAVE NOT SUBMITTED ANY CSR DATA AND REASONS [GRI 3.7]

The scope of sustainability reporting covers entities and subsidiaries in which each Caisse d'Epargne or Banque Populaire bank holds more than a 50% equity stake. Several entities and, in particular, subsidiaries have not submitted CSR data, since the timing of the rollout of CSR reporting meant it was not possible for those entities and subsidiaries to submit full data this year. These data will be added to the 2012 activity report in order to comply with future regulations.

Out of scope:

- Caisse d'Epargne d'Alsace, Caisse d'Epargne Provence-Alpes-Corse and Caisse d'Epargne Réunion;
- BPCE IOM;
- IT-CE;
- i-bp;
- BRED Banque Populaire;
- Fédération Nationale des Banques Populaires.

INFORMATION ON THE APPLICATION OF THE GRI INDICATOR PROTOCOLS [GRI 3.9]

In 2011, Groupe BPCE's activity report, as well as the Banque Populaire and Caisse d'Epargne activity reports, aimed to report CSR information linked to domestic regulatory requirements under the New Economic Regulations Act brought into force by a Decree dated February 20, 2002 and the Grenelle 2 Act based on level B of the GRI Indicators Protocol.

Reasons for and consequences of the restatement of information in previous reports [GRI 3.10]

BPCE has restated its sustainability reporting to align it with the implementation of Article 225 of the Grenelle 2 Act. This restatement also reflects the Group's aim of achieving level "B" under the GRI reporting protocol.

Significant changes relative to the period covered by previous reports [GRI 3.11]

In 2011, the Caisses d'Epargne and Banque Populaire banks submitted their sustainability information in respect of the 2010 financial year to Groupe BPCE, without this being a regulatory requirement. This information was centralized at Group level and concerned only the Banque Populaire banks, the Caisses d'Epargne and Natixis.

For the 2011 report, reporting covers the GRI level "B" scope and is based on those companies included in the consolidated financial report (all group entities, including subsidiaries).

Principles adopted for the disclosure of data on joint ventures, subsidiaries, lease finance facilities and subcontracted activities [GRI 3.8]

In 2011, work was carried out across the Caisse d'Epargne and Banque Populaire banks to define common sustainability reporting standards for Groupe BPCE. This framework applies to all companies included within the scope of consolidated financial reporting.

CSR performance indicators were defined and constructed in compliance with the requirements of the New Economic Regulations Act and Article 225 of the Grenelle 2 Act, as well as taking into account guidelines under GRI 3.1 and its financial sector supplement.

These standards are liable to evolve so as to accurately reflect changes in the Group's sustainable development strategy.

Data on BPCE's subsidiaries and joint subsidiaries of the Caisses d'Epargne and Banque Populaire banks are included in the BPCE registration document and, where applicable, published by each subsidiary.

Overview of the sustainable development approach from which CSR data included in the management report is drawn [GRI 3.5]

BPCE is aware of the stakes and challenges currently facing society and considers the Group's corporate social responsability as a way of reaffirming its identity and underscoring its distinctive cooperative structure. For this reason, BPCE has endeavored to provide an accurate and transparent view of its actions and commitments in relation to sustainable development.

Under the aegis of Groupe BPCE and in line with the Group's decentralized structure, a common set of core indicators was redefined in 2011. Each entity completed these indicators within its individual scope, and they were then consolidated at Group level.

The report was rentered on the bank's relationships with its three key stakeholders: customers, staff and wider society. In the customer relationships section, BPCE sought to describe those activities that constitute BPCE's core business – namely savings, lending and financial services – not forgetting the direct and indirect impacts of its activities from an environmental and social perspective.

This management report has been put together to meet the expectations of customers, cooperative shareholders and institutional investors interested in the cooperative Group's commitment to sustainable development.

6.4.2 Human resources appendices

TOTAL GROUP HEADCOUNT [GRI LA 1, LA 13] (ARTICLE R. 1.1A, 1.3)

Groupe BPCE's total headcount at December 31, 2011 was 117,381 employees. The Banque Populaire regional banks accounted for 27% of the total Group headcount, while the Caisse d'Epargne banks represented 31% of total headcount.

Total headcount was down 5.8% relative to 2010. Excluding the impact of changes in scope, headcount was stable, with the disposal of Foncia representing a 6% reduction in headcount.

Number of employees	2011	2010	2009	Change
Banque Populaire retail banking	31,664	31,442	31,734	0.7%
Caisse d'Epargne retail banking	36,380	36,601	37,345	(0.6)%
Subsidiaries and other retail banks	11,174	11,413	13,021	(2.1)%
Natixis	22,824	22,395	22,408	1.9%
Real estate	8,728	15,811	15,926	(44.8)%
Central institution	1,527	1,522	1,647	0.3%
IT and other operations	5,084	5,366	5,321	(5.3)%
GROUP TOTAL	**117,381**	**124,550**	**127,402**	**(5.8)%**

Permanent and fixed-term staff (excl. those on work-study contracts).

Scope

The scope reviewed below includes companies forming part of Banque Populaire (excluding Crédit Coopératif) and Caisse d'Epargne, together with the BPCE central body, i-bp, SE MAB, Priam and SBE.

PERMANENT + FIXED-TERM STAFF

	2011		2010		2009	
	Number	%	Number	%	Number	%
Permanent staff (incl. work-study contracts)	70,215	97.3	69,985	96.9	71,322	97.2
Fixed-term staff (excl. work-study contracts)	1,959	2.7	2,217	3.1	2,065	2.8
TOTAL	**72,174**	**100.0**	**72,202**	**100.0**	**73,387**	**100.0**

NON-MANAGEMENT/MANAGEMENT

	2011		2010		2009	
Permanent staff at December 31	Number	%	Number	%	Number	%
Non-managerial workforce	47,141	67.1	47,464	67.8	48,861	68.5
Managerial workforce	23,074	32.9	22,521	32.2	22,461	31.5

WOMEN/MEN

	2011		2010		2009	
Permanent staff at December 31	**Number**	**%**	**Number**	**%**	**Number**	**%**
Women	38,571	54.9	38,041	54.4	38,471	53.9
Men	31,642	45.1	31,944	45.6	32,851	46.1

Ninety-seven percent of staff are on permanent contracts. Women continue to account for the majority of staff, representing 55% of employees on permanent contracts.

The proportion of managers is 32.9%, a figure that is steadily increasing each year.

RECRUITMENT [GRI LA 2] (ARTICLE R. 1.1A)

In 2011, the Group's recruitment policy led Group companies to recruit almost 4,700 new employees on permanent contracts.

Around one third of hires (29%) were the result of staff on fixed-term and work-study contracts being switched to permanent contracts.

In 2011, a majority (58.13%) of new hires on permanent contracts were women, increasing the overall percentage of female staff.

RECRUITMENT

	2011		2010		2009	
	Number	**%**	**Number**	**%**	**Number**	**%**
PERMANENT CONTRACTS						
Non-management	3,832	37.2	2,711	29.6	2,529	31.3
Management	864	8.4	627	6.9	580	7.2
FIXED-TERM CONTRACTS						
Non-management	5,543	53.8	5,736	62.7	4,904	60.7
Management	59	0.6	78	0.9	60	0.7
TOTAL RECRUITMENT	**10,298**		**9,152**		**8,073**	
Proportion of managers		*9.0*		*7.7*		*7.9*

Almost three quarters of employees recruited in 2011 have at least two years' post-secondary education.

PERMANENT STAFF ONLY

Recruitment level	**2011**	**2010**	**2009**
2-3 years post-secondary	42.5%	48.5%	50.6%
4-5 years post-secondary	26.4%	26.5%	23.7%

EMPLOYEE DISMISSALS [GRI LA 2] (ARTICLE R. 1.1B)

Employee dismissals represented 18% of all departures from Group companies in 2011.

EMPLOYEE DISMISSALS

	2011		2010		2009	
	Number	**%**	**Number**	**%**	**Number**	**%**
Employee dismissals	801	18.0	787	18.5	556	16.2
TOTAL DEPARTURES	**4,456**	**100.0**	**4,264**	**100.0**	**3,430**	**100.0**

OVERTIME (ARTICLE R. 1.2)

In 2011, 62,918 hours of overtime were worked – the equivalent of 39 FTE employees each working a full year.

OVERTIME

	2011	2010	2009
Hours	62,918	62,172	66,519
FTE positions	39.15	38.69	41.39

OUTSIDE WORKERS (ARTICLE R. 1.1A)

The use of outside workers is determined by the choices and constraints applicable to each Group company. However, the percentage is relatively low, corresponding to less than 0.5% of total headcount. This is a sign of the Group's ongoing efforts to align job positions, workload and employees.

HEADCOUNT REDUCTION AND JOB PROTECTION PLANS

This section does not apply to Groupe BPCE under the terms defined by labor law.

WORK ARRANGEMENTS, WORKING HOURS AND ABSENTEEISM [GRI LA 7] (ARTICLE R. 1.2)

Within the Group, working hours are governed by agreements specific to each Group company. The average annual number of hours worked per week ranges from 35 to 39 hours, with compensatory measures such as additional days off in lieu of overtime awarded to employees.

In most cases, employees whose working hours are governed by collective bargaining agreements may choose to work on a part-time basis.

In 2011, 11% of employees opted to work part time. More than 90% of those opting for part-time work were women.

PERMANENT STAFF AT DECEMBER 31

	2011		2010		2009	
Percentage of full-time staff at Dec. 31	**Number**	**%**	**Number**	**%**	**Number**	**%**
Less than 50%	288	0.4	310	0.4	320	0.4
50%	484	0.7	464	0.7	521	0.7
50% to 80%	2,630	3.7	2,582	3.6	2,494	3.5
80%	1,976	2.8	1,904	2.7	1,962	2.8
More than 80%	2,369	3.4	2,442	3.4	2,171	3.0
FULL-TIME EMPLOYEES	**62,468**	**89.0**	**62,283**	**89.0**	**63,854**	**89.5**
PART-TIME EMPLOYEES	**7,747**	**11.0**	**7,702**	**11.0**	**7,468**	**10.5**

CHANGES IN REMUNERATION [GRI LA 13, LA 14] (ARTICLE R. 1.3)

Every year, each Group company analyzes and revises individual pay levels in keeping with performance targets assigned to employees.

PERMANENT STAFF – AVG. BASE PAY AT DECEMBER 31 (EXCL. HC)

	2011		2010		% change	
Pay	**W**	**M**	**W**	**M**	**W**	**M**
A/T1	20,956	20,254	21,138	19,420	(0.9)	4.3
B/T2	21,589	22,293	21,374	22,636	1.0	(1.5)
C	23,382	23,127	23,196	22,931	0.8	0.9
D/T3	28,191	28,875	27,974	28,790	0.8	0.3
E	28,490	28,541	28,078	28,186	1.5	1.3
F/TM4	32,008	33,425	31,855	33,367	0.5	0.2
G/TM5	34,613	36,045	34,335	35,991	0.8	0.2
NON-MANAGEMENT	**29,629**	**31,656**	**29,470**	**31,874**	**0.5**	**(0.7)**
H/CM6	40,455	42,410	40,190	42,176	0.7	0.6
I/CM7	49,910	51,926	49,834	51,746	0.2	0.3
J/CM8	61,444	62,802	61,062	62,383	0.6	0.7
K/CM9	78,291	82,453	76,957	80,205	1.7	2.8
MANAGEMENT	**45,441**	**50,018**	**45,014**	**49,513**	**0.9**	**1.0**

LABOR RELATIONS AND COLLECTIVE BARGAINING AGREEMENTS

Please refer to sub-section 6.2.1, "Groupe BPCE human resources policy".

OCCUPATIONAL HEALTH AND SAFETY [GRI LA 6] (ARTICLE R. 1.5)

Within the Group, policies and budgets relating to occupational health and safety work are the province of each Group company and health, safety and working conditions committees that include employee representatives.

As well as expenditure on specific programs to improve occupational health and safety, Group companies implement more traditional monitoring and prevention programs, such as compulsory medical examinations for all employees every two years.

TRAINING [GRI LA 10] (ARTICLE R. 1.6)

The total number of hours devoted to training in 2010 – more than 2,440,000 – is testament to the Group's sustained efforts to train its employees to operate in a demanding and ever-changing banking industry. More than 65,000 people took part in at least one training course.

The Group continued to increase the availability of online training in 2011, with almost 200,000 hours of training delivered in this way.

TRAINING

	2011	2010	2009
Number of hours		2,446,888	2,249,353
Number of participants	(1)	65,118	60,077

(1) These data will be available once the companies have submitted their human resources data.

Business line and management training

Please refer to sub-section 6.2.1, "Groupe BPCE human resources policy".

DIVERSITY [GRI LA 13, LA 14] (ARTICLE R. 1.3)

Gender equality in the workplace

WOMEN AS A PROPORTION OF TOTAL HEADCOUNT

Permanent staff at December 31	2011	2010	2009
Women	54.9%	54.4%	53.9%
Men	45.1%	45.6%	46.1%

At December 31, 2011, women made up more than half of Groupe BPCE's staff in France.

WOMEN AS A PROPORTION OF NEW HIRES

Women recruited	2011	2010	2009
Permanent staff (mgt. and non-mgt.)	58.13%	55.72%	56.19%
Fixed-term (mgt. and non-mgt.)	66.15%	66.92%	69.50%

Groupe BPCE recruited 6,000 women in 2011, representing more than 58% of all permanent and fixed-term recruits across all Group businesses.

PROPORTION OF WOMEN IN MANAGEMENT

Permanent staff at December 31	2011	2010	2009
Proportion of women managers	35.22%	34.06%	33.03%

The proportion of women in Groupe BPCE management positions increased in 2011, exceeding 35%.

PROPORTION OF PROMOTIONS ACCOUNTED FOR BY WOMEN

% promoted/total workforce – permanent staff at December 31	2011	2010	2009
Women	11.49%	11.13%	12.20%
Men	10.05%	9.81%	11.71%

More than 11% of female staff were promoted in 2011.

PROPORTION OF PAY INCREASES ACCOUNTED FOR BY WOMEN

% of permanent employees with pay increases/total permanent employees at December 31	2011	2010	2009
Women	44.43%	47.62%	38.28%
Men	40.17%	46.37%	35.89%

Across the entire French workforce within Banque Populaire banks and Caisses d'Epargne, more than 45% of all individual pay increases were awarded to women in 2011.

WOMEN AS A PROPORTION OF PARTICIPANTS IN TRAINING

Training	2011	2010	2009
Number of participants		35,074	31,948
Proportion of women participants	(1)	53.9%	53.2%

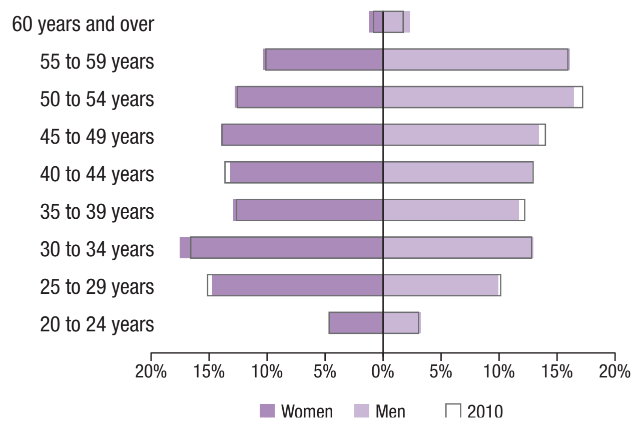
(1) These data will be available once the companies have submitted their human resources data.

Groupe BPCE is heavily committed to equal access to training, with women accounting for 54% of all employees receiving training in 2010. This rate is the same as the proportion of total Groupe BPCE headcount represented by women.

HEADCOUNT BY AGE GROUP [GRI LA 1, LA 13] (ARTICLE R. 1.1A, 1.3)

There is a high proportion of employees under 35 (more than 30% of total headcount). This helps balance the overall age pyramid by paving the way for the gradual replacement of employees over 55 who are due to retire over the next few years.

CHANGE IN THE AGE STRUCTURE
(% of age brackets in male/female staff)



EMPLOYMENT AND INCLUSION OF PERSONS WITH DISABILITIES [GRI LA 13] (ARTICLE R. 17)

The Group had 2,224 employees with disabilities in 2010. This figure does not include work with companies that favor persons with disabilities.

EMPLOYMENT AND INCLUSION OF PERSONS WITH DISABILITIES

	2011	2010	2009
Number of employees with disabilities	(1)	2,224	2,282

(1) These data will be available once the companies have submitted their human resources data.

SOCIAL AND CULTURAL ACTIVITIES (ARTICLE R. 1.8)

Within Groupe BPCE, contributions to social and cultural activities are governed by agreements specific to each company.

SOCIAL AND CULTURAL ACTIVITIES

in thousands of euros	2011	2010	2009
Annual contributions to Works Council budget		55,314	52,977
Annual contributions to Enterprise Works Council budget		2,401	2,252
Amount dedicated to Employee benefits		425,304	430,558
TOTAL	**(1)**	**483,019**	**485,787**

(1) These data will be available once the companies have submitted their human resources data.

IMPACT OF GROUPE BPCE ACTIVITIES ON REGIONAL EMPLOYMENT AND DEVELOPMENT

Groupe BPCE has forged its history on the basis of values tied to regional development. It continues to support local development through its presence in regional labor markets by financing its customers' business activities and building longstanding local relationships based on a partnership approach.

In 2011, 80% of Groupe BPCE's workforce was outside the Paris region, and 85% of recruitment took place outside Paris.

RELATIONSHIPS WITH ASSOCIATIONS PROMOTING SOCIAL INCLUSION AND EDUCATIONAL INSTITUTIONS

Within Groupe BPCE, relations with work placement and occupational training agencies fall within the remit of each Group company, with the express aim of highlighting the Group's mutual and cooperative values.

SUB-CONTRACTING AND COMPLIANCE WITH THE INTERNATIONAL LABOR ORGANIZATION'S FUNDAMENTAL CONVENTIONS

Groupe BPCE takes care to ensure subcontractors comply with all legal requirements relating to the management of their employees.

All calls for tenders relating to service provision contracts issued by the Procurement division include passages covering subcontractors' working conditions.

6.4.3 Environmental and social appendices

DEDICATED SUSTAINABLE DEVELOPMENT BUDGET [GRI EN30]

A breakdown of the 2011 budget dedicated to sustainable development within the networks is as follows:

Indicator	2011
Number of FTE dedicated to sustainable development	52
Total waste management budget *(€k)*	2,752
Total energy consumption budget *(€k)*	3,059,519
Total travel budget *(€k)*	31,900
Total "green" budgets *(€k)*	593,091

CONSUMPTION OF PAPER AND OFFICE EQUIPMENT [GRI EN1]

Indicator	2011
Total paper consumption *(tonnes)*	2,775
Total consumption of recycled paper *(tonnes)*	299
Number of ink and toner cartridges recycled *(by volume)*	79,630
Neon fluorescent tubes collected *(by volume)*	55,125
Total weight of batteries collected *(tonnes)*	451
Waste electrical and electronic equipment (WEEE) collected *(number of items)*	101,913
Number of suppliers with environmental certification	300
Proportion of suppliers that publish an Environmental Charter (%) (estimated average based on reports submitted by networks)	41

ENVIRONMENTAL IMPACT OF THE BUSINESS [GRI EN3]

Indicator	2011
Total energy consumption *(KWh)*	357,446,456
Total energy consumption per m^2 *(KWh/m²)*	5,733
Total consumption of heating oil *(tonnes)*	371
Total gas consumption *(m3)*	91,453,588
Total consumption of renewable energy *(KWh)*	19,117,922

TRAVEL [GRI EN4]

Indicator	2011
Total fuel consumption for business travel *(€k)*	411,994
Total mileage allowances for business travel *(€k)*	49,843
Number of company sites with a company transportation scheme	330
Number of employees covered by company transportation schemes	15,224

TOTAL CO2 EMISSIONS ARISING FROM BUSINESS TRAVEL [GRI EN29]

Indicator	2011
Total CO_2 emissions arising from business travel	Included in carbon reviews

CALCULATION OF CO_2 EMISSIONS [GRI EN16]

Indicator	2011
Total direct and indirect greenhouse gas emissions	Included in carbon reviews

TABLE OF LIQUID AND GAS REFRIGERANTS [GRI EN19] (SEE CARBON REVIEW)

Indicator	2011
Volume of CFC-type refrigerant gas emitted	Included in carbon reviews
Volume of HCFC-type refrigerant gas emitted	Included in carbon reviews
Volume of HFC-type refrigerant gas emitted	Included in carbon reviews

For the Banque Populaire network, a carbon review has been completed with 2010 as the base year. The Banque Populaire banks are estimated to have emitted a total of approximately 136,700 teq CO_2. Within the scope of the consolidated Group, it should be noted that:

- three banks have carried out carbon reviews using a simplified method based on around 20 indicators, while the remaining banks have used either the extended method based on around 50 data items spread across four key areas (energy, travel, capital assets, and inflows and purchases of goods and services) or a combination of the two methods;
- three Banque Populaire banks have not carried out a 2010 carbon review;
- Banque Populaire Alsace and Crédit Coopératif have carried out their own carbon reviews covering a period of less than three years using the traditional ADEME method. These entities have not been included within the consolidated scope of the Banque Populaire network. The CASDEN Banque Populaire and BRED Banque Populaire banks also fall outside the consolidated scope.

The first version of the tool does not currently support automatic consolidation of figures from the Banque Populaire network; these figures are therefore consolidated manually. Plans are in place to develop the tool to support automatic consolidation.

For the Caisse d'Epargne banks, carbon reviews are in the process of being updated. The goal is to put in place an IT application to enter carbon reviews annually based on around 50 data items of information.

For BPCE IOM and other Group companies subject to regulations, carbon reviews are in the process of being completed.

A carbon review project covering both networks and some subsidiaries will be initiated this year to harmonize the scope across which calculations are made. In particular, training sessions will be scheduled to ensure that carbon reviews in respect of base year 2011 are carried out in a consistent way.

WATER CONSUMPTION [GRI EN8]

GRI reference	Indicator	2011
EN8	Total water consumption *(m3)*	606,597
	Consumption of collected water, including rainwater	0
EN8 EN10	Volume of collected rainwater	0

TABLE OF NOx AND SOx TYPE SUBSTANCES EMITTED BY THE COMPANY [GRI EN20]

Indicator	2011
Volume of NO_x-type substances emitted	Not applicable
Volume of SO_x-type substances emitted	Not applicable

BANKING-RELATED WASTE [GRI EN22]

Indicator *(tonnes)*	2011
Volume of waste produced by the entity	555,802
Volume of non-hazardous industrial waste (paper, office consumables, ink and toner cartridges, etc.)	556,724
Volume of special industrial waste (fluorescent tubes, neon lights, WEEE, batteries, etc.)	179
Total volume of waste recycled	3,105

POLLUTION INCIDENTS [GRI EN23]

Indicator	2011
Number of accidental spillages and significant discharges triggering a significant environmental incident	0

HAZARDOUS WASTE [GRI EN24]

Indicator *(tonnes)*	2011
Volume of hazardous waste (as defined by the Basel Convention) transported, imported or exported[(1)]	1.55

(1) Example: asbestos removal.

INITIATIVES SUPPORTING THE DEVELOPMENT OF GREEN GROWTH [GRI EN26]

Indicator	At December 31, 2011
Number of LDD sustainable development passbook savings accounts	4,790,935
Total balances on LDDs *(€)*	13,057,933,546
Number of *éco-PTZ* loans	41,567
Total balances on *éco-PTZ* loans *(€)*	557,091,330
Financing granted to accredited solidarity-based companies *via* socially responsible mutual funds *(€k)*	13,343
Shared return solidarity-based savings collected *(€k)*	415,260
Total assets under management in SRI funds distributed *(€k)*	9,528,141
Assets under management in SRI and solidarity-based employee savings plans distributed by Banque Populaire banks *(€k)*	284,602
Assets under management in SRI and solidarity-based employee savings plans distributed by Caisses d'Epargne *(€k)*	17,074
Total *Impact ISR Performance AUM (€k)*	65,333
Number of *Impact ISR Performance* investors	22,204
Number of *Impact ISR Performance* businesses	806
Total *Impact ISR Dynamique AUM (€k)*	18,140
Number of *Impact ISR Dynamique* investors	8,257
Number of *Impact ISR Dynamique* businesses	525
Total *Impact ISR Croissance AUM (€k)*	43,520
Number of *Impact ISR Croissance* investors	18,692
Number of *Impact ISR Croissance* businesses	924
Total *Impact ISR Équilibre AUM (€k)*	305,920
Number of *Impact ISR Équilibre* investors	90,035
Number of *Impact ISR Équilibre* businesses	1,576
Total *Impact ISR Oblig Euro AUM (€k)*	14,130
Number of *Impact ISR Oblig Euro* investors	3,873
Number of *Impact ISR Oblig Euro* businesses	157
Total *Impact ISR Rendement Solidaire AUM (€k)*	157,720
Number of *Impact ISR Rendement Solidaire* investors	73,259
Number of *Impact ISR Rendement Solidaire* businesses	2,245
Total *Impact ISR Monétaire AUM (€k)*	364,190
Number of *Impact ISR Monétaire* investors	169,101
Number of *Impact ISR Monétaire* businesses	2,958
AUM in direct solidarity-based investment funds	808,494
AUM in direct solidarity-based investment funds *via* employee savings schemes *(€k)*	808,494
PRODUCTS DISTRIBUTED BY THE BANQUE POPULAIRE NETWORK	
Number of *PREVair* loans (*PREVair* and *PREVair* +)	29,175
Outstanding on *PREVair* loans (*PREVair* and *PREVair* +) *(€)*	365,522,363
Number of *PREVair* loans using LDD funds	20,429
Outstanding on *PREVair* loans using LDD funds *(€)*	260,492,597
Number of *PREVair* loans using *CODEVair* funds	8,746
Outstanding on *PREVair* loans using *CODEVair* funds	105,029,765
Number of *CODEVair* accounts	27,801
Outstanding on *CODEVair* accounts *(€)*	327,262,267
Number of *PROVair* loans	1,119
Outstanding on *PROVair* loans *(€k)*	140,895,167
Number of *PREVair Auto* loans *(AUTOVair)*	533
Outstanding on *PREVair Auto* loans *(AUTOVair) (€)*	4,593,025
PRODUCTS DISTRIBUTED BY THE CAISSE D'EPARGNE NETWORK	
Gross number of *Livret A Kipouss* passbook savings accounts opened	97,538
Outstanding on *Livret A Kipouss* passbook savings accounts *(€)*	35,854,993
Number of *Ecureuil Crédit DD* loans for energy-saving projects	37,985
Outstanding on *Ecureuil Crédit DD* loans for works *(€)*	295,816,219
Number of *Ecureuil Crédit DD* loans used to purchase "clean" or low-emission vehicles	26,507
Outstanding on *Ecureuil Crédit DD* loans used to purchase "clean" or low-emission vehicles	181,705,382

FINANCING RELATED TO ENERGY EFFICIENCY [GRI EC2]

Indicator *(€k)*	**2011**
Total commercial financing related to energy efficiency (consolidated volume based on reports submitted by the networks)	425,089

PROCUREMENT POLICY [GRI EC6]

Indicator	**2011**
Total annual value of purchases excluding "Groupe BPCE contracts" *(€m)*	720
Percentage value of purchases excluding Groupe BPCE vs. value of entity's total purchases (%) (estimated average based on reports submitted by the networks)	42%
Purchases of recycled ink and toner cartridges *(€m excl. VAT)*	2
Total value of purchases of certified sustainable development or green office supplies *(€m excl. VAT)*	**2.56**
Total value of purchases of paper covered by Group contracts *(€m excl. VAT)*	7.12
– of which reams of 75 g paper (instead of standard 80 g) *(€m excl. VAT)*	3
– of which reams of recycled paper *(€K excl. VAT)*	72

FINANCING FOR THE REGIONAL PUBLIC SECTOR, THE SOCIAL ECONOMY, SOCIAL HOUSING AND PUBLIC-PRIVATE PARTNERSHIPS [GRI EC8]

Indicator *(€k)*	**2011**
Entity's total annual new loans related to financing for the regional public sector	6,077,842
Entity's total annual new loans related to financing for social housing	2,429,345
Entity's total annual new loans related to financing for the social economy	562,033
Entity's total annual new loans related to financing for public-private partnerships	425,542

TRAINING IN ANTI-MONEY LAUNDERING POLICIES AND PROCEDURES [GRI SO3]

Indicator *(in %)*	**2011**
Percentage of employees trained in anti-money laundering policies and procedures (estimated average based on reports submitted by the networks)	72%

COMMERCIAL INITIATIVES SUPPORTING THE PREVENTION OF FINANCIAL EXCLUSION [GRI FS7]

Indicator	**2011**
Number of supported personal microloans (FCS guarantee)	5,079
Amount of supported personal microloans (FCS guarantee) *(in euros)*	€11,550,550
Number of business microloans (France Active guarantees)	1,955
Amount of business microloans (France Active guarantees) *(in euros)*	€59,353,557
Number of business microloans (ADIE)	2,559
Amount of business microloans (ADIE) *(in euros)*	€7,261,476
Amount of loans disbursed subsequent to a microloan (NACRE)	€49,681,597
Amount of borrower support loans granted (*Parcours Confiance, Créa-Sol,* CSDL, new business support networks, charities, etc.) *(in euros)*	€14,118,325

SUMMARY OF ISSUED MICROLOANS BY GROUPE BPCE IN 2011(1) [GRI FS7]

	New loans 2011		New loans 2010	
Issuing network	Number	Outstanding	Number	Outstanding
Caisse d'Epargne – *Parcours Confiance* – individual customers	3,164	€6,446,000	2,657	€5,250,000
Caisse d'Epargne – *CREA-SOL* and *CSDL* and *CE-IDF* – personal (non-bank microloans)	691	€1,631,000	287	€630,000
Caisse d'Epargne – *Parcours Confiance*: professional customers (France Active)	1,016	€33,655,098	888	€29,047,316
Caisse d'Epargne – *CREA-SOL* and *CSDL* and *CE-IDF* – professional customers (non-bank microloans)	375	€2,200,000	387	€2,259,000
Subtotal: Caisses d'Epargne	**5,246**	**€43,932,098**	**4,219**	**€37,186,316**
Crédit Coopératif – individual customers	1,200	€3,447,000	1,180	€3,591,406
Crédit Coopératif – professional customers (ADIE)	160	€371,074	150	€293,622
Crédit Coopératif – professional customers (France Active)	33	€981,660	51	€1,566,289
Subtotal: Crédit Coopératif	**1,393**	**€4,799,734**	**1,381**	**€5,451,317**
Banque Populaire – personal microloans *(Côte d'Azur/Secours Catholique)*	24	€26,550	18	€28,750
Banque Populaire – professional microloans (ADIE)	2,399	€6,890,402	2,749	€7,909,780
Banque Populaire – professional microloans (France Active)	906	€24,716,999	752	€19,187,477
Subtotal: Banque Populaire regional banks	**3,329**	**€31,633,951**	**3,519**	**€27,126,007**
GROUPE BPCE TOTAL	**9,968**	**€80,365,783**	**9,119**	**€69,763,640**

BPCE TOP-UP LOANS AND NACRE LOANS WITH FRANCE ACTIVE 2011(2) [GRI FS7]

	New loans in 2011	
Issuing network	Number	Balances
Top-up loans (professional microloans)	33	€981,660
Nacre loans > €25,000	1	€48,000
Nacre loans < €25,000	1	€8,000
Subtotal: Crédit Coopératif	**35**	**€1,037,660**
Top-up loans (professional microloans)	906	€24,716,999
Nacre loans > €25,000	732	€25,341,824
Nacre loans < €25,000	172	€2,049,888
Subtotal: Banque Populaire regional banks	**1,810**	**€52,108,711**
Top-up loans (professional microloans)	1,016	€33,655,098
Nacre loans > €25,000	602	€21,251,872
Nacre loans < €25,000	83	€982,013
Subtotal: Caisses d'Epargne	**1,701**	**€55,888,983**
GROUPE BPCE TOTAL	**3,546**	**€109,035,354**

The combined 2011 performance of the Caisses d'Epargne and Banque Populaire banks, including Crédit Coopératif, confirmed the continued development of microcredit within the Group. The Group's support for new businesses and social and professional inclusion of borrowers is underscored by €80.3 million in new loans issued or disbursed in 2011, representing a year-on-year increase of 16%. Nacre loans granted by Caisses d'Epargne and Banque Populaire banks as a complement to traditional bank loans and business microloans totaled €109 million.

Groupe BPCE thus confirmed its position as market leader in personal and professional microloans in France. This positioning forms part of a broader approach of promoting financial inclusion for the Group's customers throughout the geographical scope covered by its businesses, in partnership with non-profit networks, guarantors and local authorities.

(1) *Sources: France Active, ADIE and Fonds de Cohésion Sociale.*

(2) *Source: France Active.*

6.4.4 Equivalence table between CSR data produced, domestic regulatory requirements and international standards [3.12]

Area/reference	GRI 3.1 equivalent	Grenelle 2 Article 225 equivalent	NRE equivalent	Global Compact	Registration document chapter
STRATEGY					
Reporting scope	3.5/3.7 to 3.11	3.11 = Article R. 225-105			6.4.1
	4.8	4.8 = Article R. 225-105-1. - I 2° a)			
	4.12	4.12 = Article R. 225-105-1. I 2° a)	4.12 = Article 148-3.3°		
Sustainable development strategy	4.15 and 4.16	4.15 and 4.16 = Article R. 225-105-1. I 3° b)			6.1.1
ENVIRONMENT					
Materials	EN1	EN1 = Article R. 225-105-1. I 2° c)	EN1 = Article 148-3 1°		6.4.3
	EN3 to EN4	EN3 to EN4 = Article R. 225-105-1. I 2° c)	EN3 to EN4 = Article 148-3 1°		6.4.3
Energy	EN5	EN5 = Article R. 225-105-1. I 2° c)	EN5 = Article 148-3 1°		6.2.2
Water	EN8 to EN10	EN8 to EN10 = Art. R. 225-105-1. -I 2° c)	EN8 to EN10 = Article 148-3 1°		6.4.3
Biodiversity	EN11 to EN14	EN8 to EN14 = Art. R. 225-105-1. -I 2° e)	EN11 to EN14 = Article 148-3 2°	7/8/9	6.2.2
	EN16	EN16 = Article R. 225-105-1. I 2° d)	EN16 = Article 148-3 1°		6.4.3
	EN18 to EN19	EN18 and EN19 = Article R. 225-105-1. I 2° d)	EN18 and EN19 = Article 148-3 1°		6.2.2
	EN20	EN20 = Article R. 225-105-1. I 2° b)	EN20 = Article 148-3 1°		6.4.3
		EN22 and EN24 = Article R. 225-105-1. I 2° b)	EN22 and EN24 = Article 148-3 1°		6.4.3
Emissions, run-off and discharges	EN22 to EN24	EN23 = Article R. 225-105-1.-I 2° b)	EN23 = Article 148-3 1°		6.2.2 and 6.4.3
	FS1	FS1 = Article R. 225-105-1. I 2° a)			6.3.4
	FS2				6.3.2 and 6.2.2
	FS5				6.2.2
	FS8/FS11	FS8 = Article R. 225-105-1. I 3° a)			6.3.2
Products and services	FS7/EN26	FS7 = Article R. 225-105-1. I 3° a)			6.3.3 and 6.4.3
Travel	EN29		EN29 = Article 148-3 1°		6.4.3
Environmental approach	EN30	EN30 = Article R. 225-105-1.-I 2° a)	EN30 = Article 148-3 5°	7/8/9	6.2.2 and 6.4.3
SOCIETY					
	SO1; SO9 and SO10	SO1; SO9 and SO10 = Article R. 225-105-1. I 3° a)			6.3.3
Communities	FS14				6.3.3 and 6.4.3
Anti-money laundering procedures	SO3	SO3 = Article R. 225-105-1.- I 3° d)		10	6.4.3
Anti-competitive behavior	SO7	SO7 = Article R. 225-105-1.- I 3° d)			6.3.2
Legislative compliance	SO8			10	6.3.2

Area/reference	GRI 3.1 equivalent	Grenelle 2 Article 225 equivalent	NRE equivalent	Global Compact	Registration document chapter
PRODUCT LIABILITY					
	PR3/FS15				6.3.2
	PR5				6.3.1
Labeling of products and services	FS16	FS16 = Article R. 225-105-1. I 3° b)		8	6.3.3
Responsible marketing	PR6				6.3.2
Legislative compliance	PR9		PR9 = Article 148-3 6°		6.3.2
ECONOMIC					
Economic performance	EC2	EC2 = Article R. 225-105-1. I 3° a)		7/8/9	6.4.3
Procurement policy	EC6	EC6 = Article R. 225-105-1. - I 3° a)	EC6 = Article 148-2.9°	1/2	6.2.2 and 6.4.3
Indirect economic impacts	EC8	EC8 = Article R. 225-105-1.-I 3° a)			6.4.3
EMPLOYMENT, LABOR RELATIONS AND DECENT WORK					
	LA1	Article R. 225-105-1.- I 1°	LA1 = Article 148-2.1°a)		6.4.2
Employment	LA2	Article R. 225-105-1.- I 1°	LA2 = Article 148-2.1°a) and b)		6.4.2
	LA6	Article R. 225-105-1.- I 1°	LA6 = Article 148-2.5°		6.4.2
		Article R. 225-105-1.- I 1°	LA7 = Article 148-2.2°		6.4.2
Occupational health and safety	LA7	Article R. 225-105-1.- I 1°		1/3/4/5/6	6.4.2
		Article R. 225-105-1.- I 1°	LA 10 = Article 148-2.6°		6.4.2
	LA10	Article R. 225-105-1.- I 1°			6.4.2
Training and education	LA11	Article R. 225-105-1.- I 1°			6.4.2 and 6.2.1
	LA13	Article R. 225-105-1.- I 1°	LA13 = Article 148-2.3°		6.4.2
Diversity and equal opportunities	LA14	Article R. 225-105-1.- I 1°	LA14 = Article 148-2.3°		6.4.2
HUMAN RIGHTS					
Freedom of association and right to collective bargaining	HR5		HR5 = Article 148-2.4°		6.2.1
Prohibition of child labor	HR6				6.2.1
Abolition of forced or compulsory labor	HR7	HR5 to HR7 = Article R. 225-105-1. - I 1° g)			6.2.1
Rights of indigenous peoples	HR9				6.2.1

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, France

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 of incorporation and duration

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 Groupe Banque Populaire and Groupe Caisse d'Epargne. The company's duration is 99 years.

7.1.5 Trade and Companies Register and registration number

Paris Trade and Companies Register

Number: 493455042

NAF (business activity) code: 6419Z

7.1.6 Fiscal year

The company's fiscal year runs from January 1 to December 31.

7.1.7 Appropriation of earnings

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 incorporation 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 location specified in the meeting notice.

Ordinary General Shareholders' Meetings convened to approve the annual financial statements for the fiscal year ended 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 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 to their 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 may only be validly held on first notice if the shareholders present or represented own at least one-fifth of the voting shares. The Ordinary General Shareholders' Meeting is validly held on second notice regardless of the number of shareholders present or represented.

The decisions 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 may only be validly held on first notice if the shareholders present or represented own at least one-fourth of the voting shares. The Extraordinary General Shareholders' Meeting may only be validly held on second notice if the shareholders present or represented own at least one-fifth of the voting shares.

The decisions 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 respective 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.

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, 2011

The company's share capital has been set at four hundred sixty-seven million two hundred twenty-six thousand nine hundred sixty euros (€467,226,960). This is divided into 31,148,464 fully paid-up shares with a par value of fifteen euros (€15) each, divided into two categories:

- 15,574,232 category "A" shares;
- 15,574,232 category "B" shares.

Shares in BPCE are neither listed nor traded on any market.

For information, following a decision at the General Shareholders' Meeting on December 16, 2010, BPCE held in treasury 3,860,000 category "C" shares bought back from the *Société de Prise de Participation de l'État* (SPPE) until January 5, 2011, on which date it canceled those shares and reduced the company's share capital to €505,831,755.

At its meeting on March 14, 2011, the Management Board noted that the company had bought back the remaining 2,573,653 "C" category shares held by SPPE for €1,220,208,723.54. These shares were held in treasury by BPCE until April 18, 2011, on which date the company canceled them and reduced its share capital to €467,226,960. During the same period, the company also redeemed the deeply-subordinated notes held by the SPPE for €1,072,070,137.

Since that date, BPCE has not undertaken any transactions in its own shares, its category "C" shares have lapsed, and the company's share capital continues to be equally divided between the Caisse d'Epargne banks (category "A" shares) and the Banque Populaire banks (category "B" shares).

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 Breakdown of share capital over the past three years

	Position at 12/31/2011			Position at 12/31/2010			Position at 12/31/2009		
Shareholders	No. of shares	% capital	% voting rights	No. of shares	% capital	% voting rights	No. of shares	% capital	% voting rights
CE Alsace	401,759	1.29%	1.29%	401,759	1.07%	1.29%	335,269	1.03%	1.29%
CE Aquitaine Poitou-Charentes	1,176,510	3.78%	3.78%	1,176,510	3.13%	3.78%	981,799	3.03%	3.78%
CE d'Auvergne et du Limousin	612,154	1.97%	1.97%	612,154	1.63%	1.97%	510,841	1.58%	1.97%
CE de Bourgogne Franche-Comté	814,658	2.62%	2.62%	814,658	2.17%	2.62%	679,835	2.10%	2.62%
CE Bretagne Pays de Loire	1,084,672	3.48%	3.48%	1,084,672	2.89%	3.48%	905,159	2.79%	3.48%
CE Côte d'Azur	625,348	2.01%	2.01%	625,348	1.66%	2.01%	521,861	1.61%	2.01%
CE Île-de-France	2,167,033	6.96%	6.96%	2,167,033	5.77%	6.96%	1,808,388	5.58%	6.96%
CE Languedoc-Roussillon	663,993	2.13%	2.13%	663,993	1.77%	2.13%	554,104	1.71%	2.13%
CE Loire-Centre	722,595	2.32%	2.32%	722,595	1.92%	2.32%	603,008	1.86%	2.32%
CE Loire Drôme Ardèche	496,094	1.59%	1.59%	496,094	1.32%	1.59%	413,997	1.28%	1.59%
CE Lorraine Champagne-Ardenne	1,034,535	3.32%	3.32%	1,034,535	2.75%	3.32%	863,322	2.66%	3.32%
CE de Midi-Pyrénées	756,562	2.43%	2.43%	756,562	2.01%	2.43%	631,357	1.95%	2.43%
CE Nord France Europe	1,207,197	3.88%	3.88%	1,207,197	3.21%	3.88%	1,007,412	3.11%	3.88%
CE Normandie	787,783	2.53%	2.53%	787,783	2.10%	2.53%	657,410	2.03%	2.53%
CE Picardie	547,607	1.76%	1.76%	547,607	1.46%	1.76%	456,978	1.41%	1.76%
CE Provence-Alpes-Corse	1,198,712	3.85%	3.85%	1,198,712	3.19%	3.85%	1,000,325	3.08%	3.85%
CE Rhône-Alpes	1,277,020	4.10%	4.10%	1,277,020	3.40%	4.10%	1,065,679	3.29%	4.10%
Total category "A" shares	**15,574,232**	**50.00%**	**50.00%**	**15,574,232**	**41.44%**	**50.00%**	**12,996,744**	**40.08%**	**50.00%**
BP des Alpes	632,493	2.03%	2.03%	632,493	1.68%	2.03%	527,817	1.63%	2.03%
BP d'Alsace	704,547	2.26%	2.26%	704,547	1.87%	2.26%	587,947	1.81%	2.26%
BP Aquitaine Centre Atlantique	801,910	2.57%	2.57%	n/a	n/a	n/a	n/a	n/a	n/a
BP Atlantique	681,543	2.19%	2.19%	681,543	1.81%	2.19%	568,750	1.75%	2.19%
BP Bourgogne Franche-Comté	989,679	3.18%	3.18%	989,679	2.63%	3.18%	825,888	2.55%	3.18%
BRED BP	1,480,058	4.75%	4.75%	1,480,058	3.94%	4.75%	1,235,110	3.81%	4.75%
BP Centre Atlantique	n/a	n/a	n/a	465,996	1.24%	1.50%	388,876	1.20%	1.50%
BP Côte d'Azur	388,172	1.25%	1.25%	388,172	1.03%	1.25%	323,933	1.00%	1.25%
BP Loire et Lyonnais	553,183	1.78%	1.78%	553,183	1.47%	1.78%	461,633	1.42%	1.78%
BP Lorraine Champagne	1,034,788	3.32%	3.32%	1,034,788	2.75%	3.32%	863,531	2.66%	3.32%
BP du Massif Central	431,814	1.39%	1.39%	431,814	1.15%	1.39%	360,351	1.11%	1.39%
BP du Nord	435,113	1.40%	1.40%	435,113	1.16%	1.40%	363,103	1.12%	1.40%
BP Occitane	1,240,395	3.98%	3.98%	1,240,395	3.30%	3.98%	1,035,111	3.19%	3.98%
BP de l'Ouest	751,505	2.41%	2.41%	751,505	2.00%	2.41%	627,132	1.93%	2.41%
BP Provençale et Corse	242,457	0.78%	0.78%	242,457	0.65%	0.78%	202,332	0.62%	0.78%
BP Rives de Paris	1,391,269	4.47%	4.47%	1,391,269	3.70%	4.47%	1,161,015	3.58%	4.47%
BP du Sud	640,118	2.06%	2.06%	640,118	1.70%	2.06%	534,180	1.65%	2.06%
BP Sud Ouest	n/a	n/a	n/a	335,914	0.89%	1.08%	280,322	0.86%	1.08%
BP Val de France	1,342,454	4.31%	4.31%	1,342,454	3.57%	4.31%	1,120,278	3.45%	4.31%
CASDEN BP	1,493,410	4.79%	4.79%	1,493,410	3.97%	4.79%	1,246,252	3.84%	4.79%
Crédit Coopératif	313,964	1.01%	1.01%	313,964	0.84%	1.01%	262,005	0.81%	1.01%
Cofibred	15,812	0.05%	0.05%	15,812	0.04%	0.05%	13,196	0.04%	0.05%
Segimlor	9,431	0.03%	0.03%	9,431	0.03%	0.03%	7,870	0.02%	0.03%
Mr or Mrs Guy Bruno	55	0.00%	0.00%	55	0.00%	0.00%	51	0.00%	0.00%
Georges Doittau Estate	23	0.00%	0.00%	23	0.00%	0.00%	23	0.00%	0.00%
Mr Jacques Galiegue	17	0.00%	0.00%	17	0.00%	0.00%	17	0.00%	0.00%
Mr Claude Raffetin	8	0.00%	0.00%	8	0.00%	0.00%	8	0.00%	0.00%
Mr Robert Arnaud	7	0.00%	0.00%	7	0.00%	0.00%	7	0.00%	0.00%
Mr Jean-Michel Laty	6	0.00%	0.00%	6	0.00%	0.00%	6	0.00%	0.00%
Unallocated share	1	0.00%	0.00%	1	0.00%	0.00%	n/a	n/a	n/a
Total category "B" shares	**15,574,232**	**50.00%**	**50.00%**	**15,574,232**	**41.44%**	**50.00%**	**12,996,744**	**40.08%**	**50.00%**
SPPE	n/a	n/a	n/a	2,573,653	6.85%	0.00%	6,433,653	19.84%	0.00%
BPCE *(treasury shares)*	n/a	n/a	n/a	3,860,000	10.27%	0.00%	n/a	n/a	n/a
Total category "C" shares	**n/a**	**n/a**	**n/a**	**6,433,653**	**17.12%**	**0.00%**	**6,433,653**	**19.84%**	**0.00%**
TOTAL	**31,148,464**	**100.00%**	**100.00%**	**37,582,117**	**100.00%**	**100.00%**	**32,427,141**	**100.00%**	**100.00%**

Changes in BPCE's share capital are set out under point 7.2.1 above.

SHAREHOLDERS OWNING MORE THAN 5% OF THE SHARE CAPITAL OR VOTING RIGHTS

Shareholder	No. of shares	% capital	% voting rights
CE Île-de-France	2,167,033	6.96%	6.96%

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 Changes of 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

DEFINITION

Category “A” shares are shares held by category “A” shareholders, which are the Caisses d’Epargne and 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 category “B” shareholders, which are the Banque Populaire banks and minority shareholders, and issued 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 incorporation period, as set forth in the company’s bylaws.

These special rights are attached to each share category, and can be exercised at Ordinary Shareholders’ Meetings.

The special rights expire at the end of the incorporation period. Consequently, at the end of that period, 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.

INCORPORATION 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 incorporation period. The incorporation period may be extended by the Shareholders’ Meeting. After the incorporation period, category “A” and “B” shares will be automatically converted into ordinary shares.

Until the end of the incorporation period, in the event of a cash capital increase with pre-emptive subscription rights during which certain holders of category “A” or “B” shares do not exercise all of their subscription rights, the other holders of category “A” or “B” shares (as the case may be) will be entitled to exercise the non-exercised subscription rights, in excess of their own subscription rights, before other shareholders.

In addition, category “A” and “B” shares may not be transferred during the incorporation 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 incorporation period, seven members of the company’s Supervisory Board will be appointed from among candidates proposed by category “A” shareholders, and seven members of the company’s Supervisory Board will be appointed from among candidates proposed by category “B” shareholders. The Supervisory Board may 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.

7.3 Biographies

SUPERVISORY BOARD

Philippe Dupont, Chairman

Mr Dupont, 60, was Chairman and CEO and subsequently Chairman of Banque Fédérale des Banques Populaires, the central institution of Groupe Banque Populaire, from 1999 to 2009, and Chairman of the Management Board of Natixis from 2006 to 2009. With both bachelor's and master's degrees in management from Paris-Dauphine University, Mr Dupont was CEO of a commodities wholesaler for 12 years and subsequently Chairman of the Board of Directors of BP ROP Banque Populaire (now Banque Populaire Val de France). He was Chairman of Banques Populaires Participations from July 31, 2009 to August 5, 2010. He is currently Chairman of DPH Conseil and Chairman of the Board of Directors of ISODEV SA.

Yves Toublanc, Vice-Chairman

Mr Toublanc, 65, is a business school graduate and Chairman of the Steering and Supervisory Board of Caisse d'Epargne Rhône Alpes. For many years, he held senior positions in financial control and management and subsequently subsidiary management with Saint-Gobain group and later Groupe Poliet. A company founder himself, he founded and runs an group of industrial companies in the Rhône-Alpes region.

Caisses d'Epargne representatives

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

Mrs Amin-Garde, 57, is a representative of the Prefect in the Drôme region and holds advanced degrees in both History and European Studies.

She joined Groupe Caisse d'Epargne in 1984.

She currently chairs the Steering and Supervisory Board of Caisse d'Epargne Loire Drôme Ardèche and is a member of BPCE's Supervisory Board.

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

Mr Comolet, 65, was Chairman of the Management Board of Caisse Nationale des Caisses d'Epargne (CNCE), the central institution of Groupe Caisse d'Epargne, from October 19, 2008 to March 2, 2009, and Vice-Chairman of the Supervisory Board of CNCE (from March 31 to July 31, 2009). He is a graduate of HEC and is also Chairman of the Supervisory Board of Banque BCP (France) and a member of the Board of Directors of Nexity and Banque BCP (Luxembourg).

Bernard Comolet is also a member of BPCE's Audit Committee.

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

Mr Henry, 65, is a qualified notary with a postgraduate degree in Notarial Studies. He was a practicing notary from 1975 to 2006, and has been an honorary notary since 2006. He joined the Board of Directors of Caisse d'Epargne de Reims in 1983, and was appointed 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 oversaw the merger with Caisse d'Epargne de Lorraine and has since then served as 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

An honorary hospital administrator, Mr Mackiewicz, 62, has spent his entire career in the public hospitals sector. He holds an MBA and joined Caisse d'Epargne Côte d'Azur as a consultant advisor in 1992. In 1999, he became a founding director of a local savings company before being appointed its Chairman and subsequently a member of its Steering and Supervisory Board and Audit Committee in 2000. He was appointed Chairman of the Audit Committee in 2003.

He became Vice-Chairman of the Steering and Supervisory Board in 2006 and was appointed Chairman in April 2009. He is also a director of IMF CREASOL.

Didier Patault, Chairman of the Executive Board of Caisse d'Epargne Bretagne – Pays de Loire

Mr Patault, 51, is a former student at the *École Polytechnique* and the *École Nationale des Statistiques et de l'Administration Économique* (ENSAE). During his career, Mr Patault has been Chairman of the Management Board of Caisse d'Epargne des Pays du Hainault (2000-2004), Chairman of the Management Board of Caisse d'Epargne des Pays de la Loire (2004-2008) and Chairman and CEO of Sodéro. He has been Chairman of the Management Board of Caisse d'Epargne Bretagne Pays de Loire since 2008.

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

Mr Valentin, 59, has a degree in law and a postgraduate degree from the *Institut des Assurances d'Aix-Marseille*. He is an entrepreneur, and began 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. Pierre Valentin quickly formed a long-standing commitment to the Caisse d'Epargne network. In 1984, he became a consultant advisor to Caisse d'Epargne d'Alès. In 1991, he became a consultant advisor to Caisse d'Epargne Languedoc-Roussillon. He was appointed Chairman of local savings company Vallée des Gardons in 2000. He has been a member of the Steering and Supervisory Board of Caisse d'Epargne Languedoc-Roussillon since 2000, and was Chairman of the Audit Committee from 2003 to 2006. He became Chairman of the Steering and Supervisory Board of Caisse d'Epargne Languedoc-Roussillon in 2006, and was reappointed 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 elected to the Supervisory Board of CNCE (which became Caisses d'Epargne Participations and subsequently CE Holding Promotion in 2010) and BPCE. In 2010, he was appointed Chairman of the Audit Committee of Banque Palatine and a member of BPCE's Audit Committee.

Banques Populaires representatives

Gérard Bellemon, Chairman of Banque Populaire Val de France

Mr Bellemon, 58, is a graduate of the École de Commerce IDRAC, Chairman of the Board of Directors of Banque Populaire Val de France.

Mr Bellemon is also Chairman of two simplified joint stock companies, and a member of the Board of Directors of Natixis Assurances.

Thierry Cahn, Chairman of Banque Populaire d'Alsace

Mr Cahn, 55, has been Chairman of the Board of Directors of Banque Populaire d'Alsace since 2003. He is an attorney at the Colmar Court of Appeal and Honorary Chairman of the *Confédération Nationale des avocats* (French National

Federation of Attorneys) and a former President of the Bar. He has also been a member of the Supervisory Board of Banque Palatine since May 26, 2010. Since 2008, he has been a member of the Board of Directors of Banque Fédérale des Banques Populaires, Groupe Banque Populaire's central institution, and he became a member of the Board of Banques Populaires Participations on July 31, 2009. He has been decorated as both a *Chevalier de la Légion d'Honneur* and a *Chevalier du Mérite*.

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

After completing a postgraduate degree in Law and Political Science, Jean Criton, 64, began his career in internal audit at the Banques Populaires group.

He has remained there throughout his career: after a few years with the group's central institution (Banque Fédérale des Banques Populaires), he held senior management positions at four Banque Populaire regional banks – Banque Populaire des Alpes, Banque Populaire du Centre, Banque Populaire Nord de Paris and BICS Banque Populaire – before managing the merger that would give rise to Banque Populaire Rives de Paris.

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

Mr Desvergnes, 61, was appointed special advisor to Michel Gelly[(1)] in 1990, and subsequently Vice-Chairman under Christian Hébrard[(2)]. He has been Chairman and subsequently Chairman and Chief Executive Officer of CASDEN Banque Populaire since 2002. After studying literature at university, he was appointed as an administrator at the *lycée* in Dammarie-les-Lys (Seine-et-Marne) in 1975. He became an administrative councilor for secondary and higher education in 1982, and was appointed accounting Officer at Lycée Henry-Moissan in Meaux.

He is Vice-Chairman of ESPER[(3)], and served as a director of Banque Fédérale des Banques Populaires, Groupe Banque Populaire's central institution, from 2004 to 2009, and of Banques Populaires Participations from July 31, 2009 to August 5, 2010.

Stève Gentili, Chairman of BRED Banque Populaire

Stève Gentili, 62, has been Chairman of BRED Banque Populaire since 1998. Until 2004, he was CEO of a major agri-food company.

He is also Chairman of the Agence des Banques Populaires de France pour la Coopération et le Développement (ABPCD) and President of the economic organization for the summit of the Heads of State of French-speaking countries.

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

Mr Jeannin, 63, has a university degree in economics and joined Groupe Banque Populaire in 1972, at Banque Populaire Franche-Comté. After working in the Credit division and in operations, including as a branch manager, he joined head office, where he was Senior Executive Vice-President with responsibility for human resources, and subsequently for lending and internal control. In 1992, he was appointed Deputy Chief Executive Officer of Banque Populaire Bretagne-Atlantique with responsibility for development and subsidiaries. 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 of Banque Populaire Bourgogne and Banque Populaire de Franche-Comté, du Mâconnais et de l'Ain.

Independent members

Maryse Aulagnon, Chairman and Chief Executive Officer, Groupe Affine

Maryse Aulagnon, 62, is a graduate of the *École Nationale d'Administration* (ENA) and the Institute for Political Studies *(Sciences-Po)* and holds a postgraduate degree in Economics. She has been Chair and Chief Executive Officer of Groupe Affine, which she founded, since 1990. She is also an Honorary Counsel of the French Council of State. She held various positions within the French Embassy to the United States and the office of the French Ministries for the Budget and Industry. Subsequent roles have included Head of International Development for the CGE group (now Alcatel) and CEO of Euris.

She has also been a member of the Board of Directors of Air France-KLM since June 2010.

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

A graduate of the École Normale Supérieure and an engineering graduate of the Corps des Mines, with post-graduate degrees in physical sciences and organic chemistry, Ms Danon, 56, 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 for Industry in 1987, as head of the Exploration-Production unit. In 1989, she joined Elf, where she held sales position in the polymers department. 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 CEO of Ato Findley Adhésives, which became Bostik after merging with Total in 1999. Bostik is the world's number two manufacturer of adhesives. In 2001, she was appointed Chair and Chief Executive Officer of Printemps. In 2007, Laurence Danon joined Edmond de Rothschild Corporate Finance as Chair of the Management Board.

Laurence Danon chaired the "Prospectives" Commission of MEDEF.

She is also a member of the Boards of Directors of Diageo plc and TF1.

Marwan Lahoud, Deputy Chief Executive with responsibility for Corporate Strategy and Marketing and member of the Executive Committee of EADS

Mr Lahoud, 46, is a graduate of the École Polytechnique and the École Nationale Supérieure de l'Aéronautique et de l'Espace. Since June 2007, he has been head of strategy and marketing and a member of EADS' Executive committee. Previously, he was Chairman and CEO of MBDA. He worked for Aérospatiale during its merger with Matra and on the creation of EADS. At EADS, he worked as Senior Vice-President in charge of mergers and acquisitions.

He is also a director and member of the Strategy Committee of Technip.

Marie-Christine Lombard, Chief Executive Officer of TNT Express

Ms Lombard, 53, is a graduate of Essec and joined the express transport industry in 1993 as Chief Financial Officer of the French company Jet Services. In 1997, she became CEO until the company was bought out by TNT in 1999. Appointed Chairman of TNT Express France, she transformed the company into one of TNT group's top-performing subsidiaries. In 2004, she was appointed Chair and CEO of the whole of TNT's Express division. Marie-Christine Lombard was appointed CEO of TNT Express when it became an independent listed company in May 2011.

Before joining the transport industry, Ms Lombard occupied different positions in the banking sector, notably at Chemical Bank and Paribas in New York, Paris and Lyon.

(1) Michel Gelly – Chairman of CASDEN Banque Populaire from 1989 to 1992.

(2) Christian Hébrard – Chairman of CASDEN Banque Populaire from 1993 to 2002.

(3) ESPER brings together 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.

In November 2005, she was made a *Chevalier de la Légion d'Honneur.* She is also Chair of *Lyon Ville de l'Entrepreneuriat,* a network that supports the creation, acquisition and transfer of businesses in the Greater Lyon region, and a member of the Consultative Committee of the Rotterdam School of Management.

Management Board and General Management Committee

François Pérol

Mr Pérol, 49, is a graduate of the HEC business school and the Institute for Political Studies *(Institut d'Études Politiques)* in Paris and a former student at the *École Nationale d'Administration* (ENA). He began his career in 1990 with financial inspection body *Inspection générale des finances.* In 1994, he became Deputy Secretary General of France's interministerial committee on industrial restructuring (CIRI). In 1996, he was appointed to the French Treasury as Head of the Financial Markets Office.

From 1999 to 2001, he was General Secretary of the Club de Paris responsible for International Debt Negotiations. 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 Chief of Staff to the President of the French Republic.

From March 2 to 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 BPCE's Executive Board. He is also Chairman of the Board of Directors of Natixis, Crédit Foncier de France and BPCE International et Outre-mer.

Nicolas Duhamel

Mr Duhamel, 58, is a graduate of the Institute for Political Studies (IEP) in Paris with a bachelor's degree in Law and a postgraduate degree in Economics. He is a former student at the *École Nationale d'Administration* (ENA). Mr Duhamel was an *Inspecteur des Finances* at the Ministry of the Economy until 1984. He has since held financial positions with various companies: he was head of France Telecom's Finance department from 1984 to 1988, Chief Financial Officer of the CAC 40 group Havas from 1993 to 1998, and Deputy Chief Executive 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[1] and a member of the Management Board at BPCE.

Olivier Klein

Mr Klein, 55, is a graduate of the ENSAE and the post-graduate finance program at HEC. After holding various positions of responsibility at BFCE, he created Investment Banking division specializing in mergers & acquisitions and private equity. He joined Groupe Caisse d'Epargne in 1998 and, in 2000, became Chairman of the Management Board of Caisse d'Epargne Île-de-France Ouest. In 2007, he was appointed Chairman of the Management Board of Caisse d'Epargne Rhône Alpes. Mr Klein is Chairman of Caisses d'Epargne's National Retail Banking Committee. He is also a director of Natixis and Coface as well an Associate Professor of Economics and Finance at the HEC business school.

Since April 7, 2010, Mr Klein has been Chief Executive Officer[1] of Commercial Banking and Insurance and a member of BPCE's Management Board.

Anne Mercier-Gallay

Anne Mercier-Gallay, 50, is a graduate of the Institute for Political *Studies (Institut d'Etudes Politiques)* in Paris and the Institute for Business Administration (IAE) in Paris and holds a postgraduate degree in Corporate Management and a Master's degree in Law. She joined the Crédit Mutuel-CIC group in 1987, where she was responsible for occupation and skills forecasting, before joining the HSBC Crédit Commercial de France group as Head of human resources in 1999. In 2001, she joined Groupe Caisse d'Epargne as Director of Senior Management Recruitment and Development, before moving to SNCF in 2005 as director with responsibility for senior executives and the group's corporate university. In January 2008, Anne Mercier-Gallay became director of Human Resources, Communication and Sustainable Development at Monoprix, as well as a member of the latter's Executive Committee.

On September 19, 2011, she was appointed Chief Executive Officer[1] – Human Resources for Groupe BPCE and a member of the Management Board.

Philippe Queuille

A graduate of the École Nationale Supérieure d'Arts et Métiers, Mr Queuille 54, joined Groupe Banque Populaire in 1980 with Banque Populaire du Sud-Ouest. He was appointed Chief Executive Officer of Banque Populaire de la Loire in 1998, and subsequently Chief Executive Officer of Banque Populaire de l'Ouest in 2001. In 2006, he became Chairman and Chief Executive Officer of i-bp. He was appointed Deputy CEO of Banque Fédérale des Banques Populaires in January 2008. On July 31, 2009, he became a member of BPCE's Executive Management Committee as well as the group's Deputy Chief Operating Officer.

Since April 7, 2010, Philippe Queuille has been Chief Executive Officer[1] – Operations and oversight for the reorganization of the central institution, and a member of BPCE's Management Board.

Laurent Mignon

Mr Mignon, 48, is a graduate of the HEC business school and the Stanford Executive Program. He worked in various positions at Indosuez from 1986 to 1996. He became a deputy director at Schroders in London in 1996, and joined AGF group in 1997 as Chief Financial Officer, becoming a member of the group's Executive Committee in 1998. He subsequently headed up Investments, Banque AGF, AGF Asset Management, AGF Immobilier, 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.

François Riahi

Mr Riahi, 39, is a graduate of the *École Centrale de Paris* business school and the Institute for Political Studies (IEP) in Paris and a former student at the *École Nationale d'Administration* (ENA). He was an *Inspecteur des Finances* with financial inspection body *Inspection générale des finances* from 2001 to 2005. He joined the Budget department as special advisor to the Director, and was subsequently head of the Budget Policy Office.

In 2007, he was appointed Advisor to the President of the French Republic, in charge of government and public finance reform.

In March 2009, Mr Riahi became an advisor to François Pérol at Caisse Nationale des Caisses d'Epargne and Banque Fédérale des Banques Populaires.

In August 2009, he was appointed BPCE's Deputy Chief Executive Officer[1] – Strategy.

(1) *The title "Chief Executive Officer" is not used as defined in Article L. 225-66 of the French Commercial Code (Code de Commerce).*

7.4 Material contracts

As of the date of publication of this financial information, with the exception of the agreements referred to in Chapter 7.9 (regulated agreements), BPCE has not entered into any material contracts other than those entered into in the normal course of business.

7.5 Investments

7.5.1 2011

In 2011, BPCE invested €1.5 billion in Crédit Foncier de France's capital increase.

7.5.2 2010

BPCE made no material investments over the year, i.e. investments of more than €1 billion requiring the approval of the qualified majority of the Supervisory Board.

7.5.3 2009

SOCRAM BANQUE

Caisses d'Epargne Participations increased its stake in Socram Banque to 33.4%, bringing its total investment to €33.9 million.

FINANCIÈRE OCÉOR (NOW BPCE IOM)

BPCE invested €400 million in Financière Océor through the purchase of €250 million in new shares and €150 million in hybrid securities. This investment was made to help shore up Financière Océor's capital.

7.6 Trends

No marked deterioration has affected the development outlook of Groupe BPCE and BPCE since February 23, 2012, when the most recent financial information was published.

7.7 Dependency

BPCE and Groupe BPCE are not dependent upon any specific patents, licenses, industrial procurement contracts, or commercial or financial agreements.

7.8 Significant changes

No significant changes took place in the financial position of BPCE and Groupe BPCE from February 23, 2012 (the date on which the most recent financial information was published) and the filing date of the registration document.

7.9 Statutory Auditors' special report on related-party agreements and commitments

KPMG Audit
Department of KPMG SA
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

Mazars
61, rue Henri-Regnault
92075 Paris La Défense Cedex

Jean Latorzeff
Charles de Boisriou

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

Shareholders' Meeting called to approve the financial statements for the fiscal year ended December 31, 2011

BPCE
50, avenue Pierre Mendès-France – 75013 Paris
Share capital: €467,226,960

To the shareholders,

In our capacity as Statutory Auditors of your company, we hereby present our report on related party agreements and commitments.

It is our responsibility to inform you, on the basis of information provided to us, of the basic characteristics and procedures of agreements and commitments that we were informed of, or that we discovered while carrying out our assignment. It is not our responsibility to ascertain the existence of such agreements, or to comment on their relevance or substance, or to determine whether other agreements and commitments exist. Under the provisions of Article R. 225-58 of the French Commercial Code (*Code de commerce*), it is the shareholders' responsibility to determine whether the agreements and commitments are appropriate and should be approved.

It is also our responsibility, where applicable, to provide to you the disclosures under Article R. 225-58 of the French Commercial Code pertaining to the performance during the past year of agreements and commitments already approved by the Shareholders' Meeting.

We performed the procedures that we considered necessary in accordance with the professional standards issued by the French Statutory Auditors' Board (*Compagnie nationale des commissaires aux comptes* (CNCC)). Those procedures involved ensuring that the information disclosed to us was consistent with the source documents from which it was extracted.

For the purposes of this report:

- "BPCE" designates the central institution resulting from the combination of the networks of Caisses d'Epargne and Banque Populaire banks, a French limited liability company (*Société anonyme*) with a Management Board and a Supervisory Board since July 31, 2009;
- "CE Participations" designates the former Caisse Nationale des Caisses d'Epargne (CNCE), a French limited liability company (*Société anonyme*) with a Management Board and a 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 BPCE in 2009 and which was merged with BPCE through absorption on August 5, 2010;
- "BP Participations" designates the former 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, as the holding company for all of the Banque Populaire network's Equity interests not transferred to BPCE in 2009 and which was merged with BPCE through absorption on August 5, 2010.

7.9.1 Agreements and commitments submitted for approval at the Shareholders' Meeting

AGREEMENTS AND COMMITMENTS APPROVED DURING FISCAL YEAR 2011

In accordance with Article L. 225-88 of the French Commercial Code, we have been informed of the following agreements approved by your Supervisory Board.

AGREEMENTS RELATED TO NATIXIS

Persons involved in the agreement: François Pérol, Chairman 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; Olivier Klein, member of the BPCE Management Board and member of the Natixis Board of Directors; Philippe Queuille, member of the BPCE Management Board and member of the Natixis Board of Directors, Jean Criton, member of the BPCE Supervisory Board and the Natixis Board of Directors; Stève Gentili, 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.

TRS entered into for the Chapel transaction

The Chapel transaction is part of GAPC (*Gestion Active des Portefeuilles Cantonnés* or workout portfolio management) within a structured product named Sahara, which helps to take better account of the rating of good-quality assets held by GAPC. These securities are covered by the "Neptune" guarantee entered into between BPCE and Natixis in 2009.

Concurrent with the acquisition by Natixis of the Chapel assets previously housed in the Sahara structure, a guarantee on the Chapel investment was put in place between BPCE and Natixis through a total return swap (TRS) in order to reestablish the equivalent of the Neptune guarantee.

At the May 11, 2011 meeting, the BPCE Supervisory Board authorized the implementation of this total return swap.

The implementation of this agreement led to the booking of an expense of €39,868,755.93 on BPCE's 2011 financial statements.

"Coccinelle" Memorandum of Understanding and Subscription Agreement

At its meeting on November 9, 2011, the Supervisory Board approved and authorized the signing of the Memorandum of Understanding setting out the main terms and conditions to complete the "Coccinelle" project. This project consists in establishing a protection mechanism for Natixis against a portion of the risks associated with its equity stake in the Banque Populaire banks and the Caisses d'Epargne. This mechanism is based on the issuance by Natixis of a structured product (taking the form of an issuance of debt securities) subscribed by BPCE and covering a portion of the equity-method regulatory value of the cooperative investment certificates issued by the Caisses d'Epargne and the Banque Populaire banks, the P3CIs. The P3CIs, with a par value of €6,930,000,000, are fully subscribed by BPCE.

Concurrently, the redemption or prepayment by Natixis of six lines of deeply subordinated securities held by BPCE at their par value is anticipated for the sums of USD 577,250,000 and €1,926,806,000, plus interest accrued as of the date of such redemption or prepayment.

At its meeting on December 15, 2011, the Supervisory Board authorized the signing of the P3CI Subscription Agreement, to take place no later than March 30, 2012.

These agreements had no impact on BPCE's financial statements during fiscal year 2011.

Albiant-IT Shareholders' Agreement

In connection with pooling the information systems structures within Groupe BPCE, the articles of association and shareholder structure of Albiréo changed during fiscal year 2011 to form Albiant-IT, which currently holds the Group's datacenter assets and delivers related services.

A shareholders' agreement between BPCE, i-bp, Natixis and GCE Technologies, intended to set out the major outlines of the shared policy and objectives to be reached, to organize the governance and relationships of the parties within the company, and to establish the conditions for transferring shares between shareholders, was established for a term of 25 years.

At the meeting of December 15, 2011, the Supervisory Board authorized BPCE to join this shareholders' agreement.

The implementation of this agreement translates into the net acquisition of 4,875,000 shares of Albiant-IT during fiscal year 2011, representing a par value of €48,750,000 in BPCE's financial statements.

AGREEMENTS RELATED TO CRÉDIT FONCIER DE FRANCE ("CFF")

Persons involved in the agreement: François Pérol, Chairman of the BPCE Management Board and Chairman of the CFF Board of Directors; Nicolas Duhamel, member of the BPCE Management Board and permanent representative of BPCE, director of CFF; Olivier Klein, member of the BPCE Management Board and director of CFF; Pierre Desvergnes, member of the BPCE Supervisory Board and director of CFF; Francis Henry, member of the BPCE Supervisory Board and director of CFF.

Affiliation agreement with Crédit Foncier de France

The mission of CNCE, as the central institution of the former Groupe Caisse d'Epargne, was to ensure the proper operation of its subsidiary and in consideration received compensation in accordance with the billing agreement entered into on December 11, 2007.

BPCE, standing in place of CNCE as its central institution as of July 31, 2009, wished to revise the amount of the contribution paid for its work in respect of the affiliation with CFF.

To this end, the parties decided to sign a new billing agreement, taking effect on January 1, 2011, for an annual lump-sum amount of €6,700,000 with an escalation clause starting in 2012.

This agreement ensures that the compensation terms are uniform with all of the other subsidiaries.

At its meeting of August 4, 2011, the Supervisory Board approved the terms and conditions of the new billing agreement with Crédit Foncier de France and authorized it for signature.

The implementation of this agreement led to the booking of €6,652,288.50 in income on BPCE's 2011 financial statements.

Shareholder advances to Crédit Foncier de France

In order to strengthen CFF's core capital, on August 4, 2011 the Supervisory Board authorized the signing of a €470 million current account advance for an unspecified term, compensated at an annual interest rate of 4%.

At the meeting on November 9, 2011, the Supervisory Board authorized the signing of an additional €500 million current account advance with the same characteristics. These advances were fully converted into shares when CFF increased its capital on December 14, 2011.

The implementation of these agreements led to the booking of €6,171,111.11 in income on BPCE's 2011 financial statements.

OTHER AGREEMENTS

Banca Carige share purchase agreement and amendment

Persons involved in the agreement: François Pérol, Chairman of the BPCE Management Board and Chairman of the BPCE IOM Board of Directors; Nicolas Duhamel, member of the BPCE Management Board and member of the BPCE IOM Board of Directors; and Olivier Klein, member of the BPCE Management Board and member of the BPCE IOM Board of Directors.

In connection with combining the equity stakes in the international commercial banks within BPCE IOM, on June 29, 2011 the BPCE Supervisory Board authorized the sale, under conditions precedent, of 242,060,434 shares, representing 13.5% of the capital, of Banca Carige held by BPCE, at a price of €1.57 per ordinary share, to BPCE IOM.

Since the conditions precedent to the sale were lifted too late, the terms and conditions were revised.

At the meeting of December 15, 2011, the BPCE Supervisory Board authorized an amendment to the share purchase agreement, adjusting the selling price on the basis of the market price of Banca Carige shares as of December 30, 2011 and the number of shares taking into account the sales that took place over the period.

These agreements had no impact on BPCE's 2011 financial statements.

Sale of Fongepar to CNP Assurances

Persons involved: François Pérol, Chairman of the BPCE Management Board and director of CNP Assurances, and Olivier Klein, member of the BPCE Management Board and director of CNP Assurances.

On August 4, 2011, the BPCE Supervisory Board authorized the sale of BPCE's equity stake in Fongepar to CNP Assurances. The selling price was in line with the issue price of Fongepar's last capital increase.

The implementation of this agreement led to the booking of a capital gain of €3,793,748.94 on BPCE's 2011 financial statements.

BPCE Home Loans securitization program

In connection with managing its regulatory liquidity ratios, Groupe BPCE wanted a flexible tool to substitute in part for the contractual covered bond issuance programs (BP Covered Bonds and GCE Covered Bonds).

To implement this mechanism, the Banque Populaire banks and the Caisses d'Epargne contributed eligible capital (residential loans), compensated by BPCE.

Program documents

Persons involved: François Pérol, Chairman 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; Olivier Klein, member of the BPCE Management Board and member of the Natixis Board of Directors; Philippe Queuille, member of the BPCE Management Board and member of the Natixis Board of Directors, Jean Criton, member of the BPCE Supervisory Board and the Natixis Board of Directors; Stève Gentili, 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.

At the meeting of February 22, 2011, the BPCE Supervisory Board approved and authorized the following agreements entered into between BPCE and Natixis:

- receivables transfer and management agreement;
- credit facility agreement;
- APR letter;
- liquidity reserve agreement;
- cash pledge agreement;
- account holding and cash management agreement;
- bond subscription agreement; and
- subscription form for a residual portion of the securitization fund.

Financial Guarantee Agreement and new issuance amounts

Persons involved: François Pérol, Chairman of the BPCE Management Board and Chairman of the Natixis Board of Directors; Nicolas Duhamel, member of the BPCE Management Board and permanent representative of BPCE, director of Natixis; Olivier Klein, member of the BPCE Management Board and director of Natixis; Philippe Queuille, member of the BPCE Management Board and director of Natixis; Jean Criton, member of the BPCE Supervisory Board, Chief Executive Officer of Banque Populaire Rives de Paris and director of Natixis; Stève Gentili, member of the BPCE Supervisory Board, Chairman of BRED Banque Populaire, and director of Natixis; Bernard Jeannin, member of the BPCE Supervisory Board, Chief Executive Officer of Banque Populaire Bourgogne Franche-Comté, and director of Natixis; Didier Patault, member of the BPCE Supervisory Board, Chairman of the Management Board of Caisse d'Epargne Bretagne Pays de Loire, and director of Natixis; Catherine Amin-Garde, member of the BPCE Supervisory Board , and Chairman of the COS of Caisse d'Epargne Loire Drôme Ardèche; Gérard Bellemon, member of the BPCE Supervisory Board, and Chairman of Banque Populaire Val de France; Thierry Cahn, member of the BPCE Supervisory Board and Chairman of Banque Populaire d'Alsace; Pierre Desvergnes, member of the BPCE Supervisory Board and Chairman of CASDEN Banque Populaire; Francis Henry, member of the BPCE Supervisory Board and Chairman of the COS of Caisse d'Epargne Lorraine Champagne-Ardenne; Pierre Mackiewicz, member of the BPCE Supervisory Board and Chairman of the COS of Caisse d'Epargne Côte d'Azur; Bernard Comolet, member of the BPCE Supervisory Board and Chairman of the Management Board of Caisse d'Epargne Île-de-France; Yves Toublanc, Vice-Chairman of the BPCE Supervisory Board and Chairman of the COS of Caisse d'Epargne Rhône Alpes; and Pierre Valentin, member of the BPCE Supervisory Board and Chairman of the COS of Caisse d'Epargne Languedoc-Roussillon.

FINANCIAL GUARANTEE AGREEMENT

At the meeting on February 22, 2011, the Supervisory Board approved and authorized a financial guarantee agreement to be entered into between Natixis, BPCE and the Guarantors as set out in the agreement.

AMENDMENTS TO THE AGREEMENTS

At the meeting of October 5, 2011, the Supervisory Board authorized entering into the following:

- the amendment to the Financial Guarantee Agreement;
- the amendment to the Credit Facility Agreement.

The implementation of these agreements led to the booking of €1,254,598.04 in income on BPCE's 2011 financial statements.

AGREEMENTS AND COMMITMENTS WITHOUT PRIOR APPROVAL

We hereby present our report on agreements and commitments subject to the provisions of Article L. 225-90 of the French Commercial Code.

In accordance with Article L. 823-12 of this Code, we hereby inform you that these agreements and commitments have not received prior approval from your Supervisory Board.

It is our responsibility to inform you of the circumstances which caused the approval process to be bypassed, based on the information provided to us, as well as of the basic characteristics and procedures of such agreements and commitments.

COMMITMENTS RELATED TO BPCE MANAGEMENT BOARD MEMBERS

GSC unemployment insurance agreement

Person involved in the agreement: Nicolas Duhamel, Anne Mercier-Gallay and Philippe Queuille, members of the BPCE Management Board.

On October 26, 2011, BPCE Management Board members Nicolas Duhamel, Anne Mercier-Gallay and Philippe Queuille entered into GSC unemployment insurance agreements with BPCE.

Olivier Klein benefits from the same agreement through renewal of his contract, which was entered into with Caisse d'Epargne Rhône Alpes.

Compensation system for involuntary termination

Persons involved in the agreement: François Pérol, Nicolas Duhamel, Olivier Klein, Anne Mercier-Gallay and Philippe Queuille, members of the BPCE Management Board.

Compensation for involuntary termination of mandate only involves executive directors without an employment contract, whether "active" or suspended, and can only be paid in the event of involuntary termination of mandate (dismissal by governing body) that is not due to serious error and does not result in reassignment elsewhere in Groupe BPCE.

Payment of compensation for involuntary termination of mandate eliminates any right former Board members may have had to specific supplementary pension plans or to retirement bonuses that they could potentially have claimed. Compensation for involuntary termination of mandate is payable only if the company shows net accounting income for the fiscal year preceding the termination of the mandate.

The amount of compensation is equal to monthly reference compensation x (12 months + 1 month for each year of seniority with the Group). The monthly reference compensation used in the calculation equals 1/12 of the fixed pay (excluding benefits) received in the last calendar year of employment and the average of variable pay granted (paid immediately or deferred) for the last three calendar years of employment. Payment made under the mandate in question will be used to calculate the reference compensation.

The amount of compensation is capped at 24 times the monthly reference compensation, which is equivalent to 12 years of seniority with the Group.

In the event that at least 50% of the average maximum variable pay over the last three years of the current mandate (or during the period the mandate was in force or possibly completed for the preceding mandate period in case of a renewal) is earned, the compensation will be paid in full.

If less than 33.33% of the average maximum variable pay over the reference period is earned, no compensation will be paid. Between 33.33% and 50%, the amount of compensation is calculated on a straight-line basis, subject to approval by the corporate governing body.

Retirement bonus system

Persons involved in the agreement: François Pérol, Nicolas Duhamel, Olivier Klein, Anne Mercier-Gallay, Philippe Queuille, and Jean-Luc Vergne, members of the BPCE Management Board.

Retirement bonuses for executive directors are paid only when they become eligible to draw Social Security benefits and only if they are executive directors at that time.

The monthly reference compensation used in the calculation equals 1/12 of the fixed pay (excluding benefits) received in the last calendar year of employment and the average of variable pay granted (paid immediately or deferred) for the last three calendar years of employment.

Payment made under the mandate in question will be used to calculate the reference compensation. The amount of compensation is equal to monthly reference compensation x (6 + 0.6 Y), where Y is the number, which can be fractional, of years they have held mandates with BPCE.

It is capped at 12 times the monthly reference compensation, which is equivalent to holding a mandate for 10 years. The base for calculating income to be paid does not include defined benefit pension plans from which the Board member may receive benefits.

When Jean-Luc Vergne retired on September 19, 2011, he received €469,489.

Considering the time frame in which these agreements were established, they could not receive prior approval from BPCE's Supervisory Board before they were signed.

7.9.2 Agreements and commitments approved in prior fiscal years and still in effect during 2011

In accordance with Article R. 225-57 of the French Commercial Code, we were informed of the implementation of the following agreements and commitments, which have already been approved by the General Shareholders' Meeting during past fiscal years, and continued over the 2011 fiscal year.

AGREEMENTS RELATED TO NATIXIS OR ITS SUBSIDIARIES

Billing agreement relating to Natixis' affiliation

At its meeting of December 16, 2010, the BPCE Supervisory Board approved the terms and conditions of the billing agreement with Natixis and authorized it for signature.

The implementation of this agreement led to the booking of €18,423,231.68 in income on BPCE's 2011 financial statements.

Purchase of Natixis securities and the issue and purchase of undated deeply subordinated notes

BPCE initiated exchange offers involving bonds and other securities issued by Natixis, NBP Capital Trust I, and NBP Capital Trust III against 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 for the same nominal amount.

At December 31, 2011, the outstandings of the undated deeply subordinated notes issued by Natixis as part of this transaction amounted to €871,494,391 in BPCE's financial statements.

The implementation of this agreement led to the booking of €109,670,887.43 in income on BPCE's 2011 financial statements.

Natixis protection mechanism

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.

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 (risk pooling) 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) governing the relationship between the parties in the swap contracts; and
- a call option granted by BPCE to Natixis.

The implementation of these agreements led to the booking of an expense of €244,815,347.30 on BPCE's 2011 financial statements.

Credit and financial guarantee master agreements between Natixis and CNCE and between Natixis and BFBP within the framework of the state support mechanism

These agreements enabled Natixis to borrow from CNCE and BFBP against collateral.

Intragroup financial guarantee master agreements

The guarantee agreement does not provide for any compensation. This therefore has no impact on BPCE's 2011 financial statements.

Intragroup credit master 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).

The implementation of these agreements led to the booking of €73,138,521.80 in income on BPCE's 2011 financial statements.

Allocation agreement between BPCE, Natixis, Natixis Transport Finance and SFEF

Within the framework of the implementation of the credit master agreements and financial guarantee master 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, signed on September 21, 2009.

As of December 31, 2011, outstanding receivables given as collateral to SFEF by BPCE SA amounted to €1,629,779,281.59.

Representation mandate between CNCE and Natixis

Within the framework of the allocation agreement entered into between BPCE, Natixis, Natixis Transport Finance and the SFEF, 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.

This mandate signed on September 21, 2009 is granted until December 31, 2014. This agreement had no impact on BPCE's 2011 financial statements.

Joint and several guarantee agreement between CNCE and Natixis

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. Following the merger of Ixis Corporate & Investment Bank with Natixis, this guarantee was renewed in favor of Natixis.

This guarantee was granted for an indefinite period. CNCE, now BPCE, may unilaterally terminate this agreement provided that it announces its intention six months before the termination becomes effective.

This agreement had no impact on BPCE's 2011 financial statements.

Acquisition of Natixis Algérie

Natixis Algérie was founded in 1999 (under the name Natexis Al Amena), and is fully-owned by Natixis. It primarily works with companies. In 2004, Natixis Algérie and BFBP launched a retail banking business and, in 2006, a leasing business.

BPCE purchased Natixis Algérie securities for 7,325 million Algerian dinars (DZD), corresponding to €73 million at the exchange rate of July 31, 2009. The offer was on condition of the liquidation of the funding granted to ABC, a sister company of Natixis Algérie responsible for the construction of the future head office, through a transfer of credit granted to another bank in Algeria.

This transaction has not, to this day, been carried out and so has had no impact on BPCE's 2011 financial statements.

AGREEMENTS RELATED TO BPCE INTERNATIONAL ET OUTRE-MER (BPCE IOM)

Billing agreement with BPCE IOM

At its meeting of December 16, 2010, the BPCE Supervisory Board approved the terms and conditions of the billing agreement with Natixis and authorized it for signature.

The implementation of this agreement led to the booking of €1,300,000 in income on BPCE's 2011 financial statements.

Outsourcing and service agreements between BPCE and BPCE IOM

This agreement seeks to define a general outsourcing contractual framework between BPCE and BPCE IOM based on which BPCE will provide services in the various areas listed on behalf of BPCE IOM.

The parties wished to expand the framework of the services defined by adding assistance with commercial development.

The agreement took effect starting July 1, 2010. The aggregate annual, lump-sum amount due by BPCE IOM to BPCE is €500,000 excluding tax.

At its meeting on May 11, 2010, the BPCE Supervisory Board approved the terms and conditions of the agreement and authorized it for signature; at its meeting on November 9, 2010, it approved the terms and conditions and the signing of the Amendment.

The implementation of this agreement and its Amendment led to the booking of €500,000 in income on BPCE's 2011 financial statements.

Purchase of undated deeply subordinated notes issued by Financière Océor (now BPCE IOM)

Financière Océor called on BPCE to help it shore up its Tier-1 capital.

On November 12, 2009, the BPCE Supervisory Board approved an agreement for the purchase of €150 million in undated deeply subordinated notes issued by Financière Océor.

The implementation of this agreement and its Amendment led to the booking of €15,750,000 in income on BPCE's 2011 financial statements.

Agreement governing the back-office management of market transactions 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-level accounting controls.

The implementation of this agreement led to the booking of €100,000 in income on BPCE's 2011 financial statements.

OTHER AGREEMENTS

Billing agreement with Banque Palatine

At its meeting on December 16, 2010, the BPCE Supervisory Board approved the terms and conditions of the billing agreement with Banque Palatine and authorized it for signature.

The implementation of this agreement led to the booking of €1,174,808.24 in income on BPCE's 2011 financial statements.

Current account advance to Oterom Holding

At its meeting of November 9, 2010, the BPCE Supervisory Board approved the terms and conditions of a variable-rate current-account advance agreement, increasing the maximum amount to €51,000,000, and authorized it for signature.

During fiscal year 2011, the advance given grew by €5,000,000 from €44,500,000 to €49,500,000. This additional advance and the available balance were fully written down during fiscal year 2011.

The implementation of this agreement led to the booking of an expense of €6,500,000 on BPCE's 2011 financial statements.

CNP Assurances shareholders' agreement

The French government, *Caisse des dépôts et consignations,* CNCE, and *La Poste*, as shareholders which together own the majority of CNP Assurances' shares and voting rights, entered into a shareholders' agreement on September 2, 1998 by which the parties wished to show their intention to remain invested in the capital in the long term and to set certain share-transfer rules between themselves as well as expressing their shared intention to reinforce business development of CNP in France and abroad.

Under Amendment 5 to the agreement, signed on July 27, 2009 by the different parties, BPCE became a party to the CNP Assurances shareholder agreements.

This agreement had no impact on BPCE's 2011 financial statements.

Sopassure shareholders' agreement

In preparation for the implementation of the above-mentioned CNP Assurances shareholders' agreement, the French government, *Caisse des dépôts et consignations,* CNCE and *La Poste* signed a shareholders' agreement on December 19, 2000 that established a holding company named Sopassure to be created by La Poste and CNCE (of which La Poste is the majority shareholder) with a view to grouping their respective Equity interests in CNP and which expresses the strategic interest of its shareholders for CNP.

Under Amendment 1 to the agreement, BPCE became party to the Sopassure shareholders' agreement in 2009.

This agreement had no impact on BPCE's 2011 financial statements.

GCE Assurances (now BPCE Assurances) shareholders' agreement

On May 14, 2008, CNCE entered into a shareholders' agreement with MURACEF, MAIF, and MACIF to establish the relationships between shareholders in the capital of GCE Assurances and to set forth various rights and obligations in the event one of the parties sells some or all of its shares in BPCE Assurances.

Under the Amendment to the agreement, signed on July 24, 2009, BPCE became party to the GCE Assurances shareholders' agreement and agreed to stand in for CNCE regarding all its rights and obligations under the shareholders' agreement.

This agreement had no impact on BPCE's 2011 financial statements.

Tax guarantee agreements related to the August 5, 2010 mergers between the Caisses d'Epargne and CE Participations and between the Banques Populaires banks and BP Participations

In accordance with the terms of the bargaining agreement signed on February 24, 2010, the Caisses d'Epargne and the Banques Populaires have signed a tax guarantee in favor of CE Participations and BP Participations, the rights and obligations of both entities being transferred to BPCE as a result of the merger through absorption.

These tax guarantees are aimed at ensuring CE Participations' and BP Participations' right to carry forward tax losses, deduct specific expenses and, where applicable, review the corresponding tax savings factored into the valuation of CE Participations and BP Participations. These guarantees also seek to cover the risk of any back taxes in respect of a taxation period preceding the date of the merger between CE Participations and BP Participations by BPCE.

The BPCE Supervisory Board approved the two tax agreements on June 3, 2010.

The implementation of this tax guarantee agreement by the Caisses d'Epargne had no impact on BPCE's 2011 financial statements.

The implementation of this tax guarantee agreement by BP Participations led to the booking of €2,146,948 in income on BPCE's 2011 financial statements.

Agreements related to BP Covered Bonds

Credit and financial guarantee master agreement

The implementation of this agreement, entered into with BFBP, Natixis and the relevant Banque Populaire banks, had no impact on BPCE's financial statements during fiscal year 2011.

In relation to the management and administration of BP 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.

The implementation of these agreements led to the booking of €200,000 in income on BPCE's 2011 financial statements.

Agreement in connection with the BP Covered Bond Issuance Program: amendment to the contract in English entitled "Hedging Approved Form Letter"

A "Hedging Approved Form Letter" was signed on December 14, 2007 under which BP Covered Bonds, BFBP and Natixis agreed to the terms and conditions of hedging contracts that will be put in place, where applicable, under the framework of the BP Covered Bond issuance program. An amendment was signed in 2009 in order to account for, notably, the new rating agency criteria applicable to the program with regard to hedging contracts.

This agreement had no impact on BPCE's 2011 financial statements.

Agreements related to GCE Covered Bonds

Collateral security agreement between CNCE, GCE Covered Bonds and the other security providers (CFF and the Caisses d'Epargne)

The following related-party agreements are subject 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

There is an Issuer Accounts Pledge Agreement between GCE Covered Bonds (as Pledgor and Issuer), CNCE (as Administrator) and Natixis (as Issuer Security Agent acting in the name of and on behalf of the covered bond holders).

Receivables pledge agreement between CNCE, GCE Covered Bonds and Natixis

There is a Receivables Pledge Agreement between GCE Covered Bonds (as Pledgor and Issuer), CNCE (as Administrator) and Natixis (as Issuer Security Agent acting in the name of and on behalf of the covered bond holders).

Dealer agreement between CNCE, GCE Covered Bonds and Natixis

A Dealer Agreement was reached between GCE Covered Bonds (as the Issuer), BNP Paribas, HSBC France and Natixis (as Arranger and Permanent Dealers) and CNCE (as Permanent Dealer).

Asset monitoring agreement between CNCE, GCE Covered Bonds and Natixis

An Asset Monitoring Agreement was reached between GCE Covered Bonds (as the Issuer), BNP Paribas, CNCE (as Administrator and Issuer Calculation Agent) and Natixis (as Issuer Security Agent).

Master definitions and construction agreement between CNCE, GCE Covered Bonds and Natixis

A Master Definitions and Construction Agreement was reached between GCE Covered Bonds (as the Issuer and Lender), CNCE (as Administrator, Borrower, Issuer Accounts Bank, Issuer Calculation Agent, Collateral Security Agent and Cash Collateral Provider) and Natixis (as Issuer Security Agent).

Modification of the GCE Covered Bonds borrower facility draft agreement

As part of this modification, it is expected that the reserve fund to be established by CNCE, in the event its credit rating is downgraded, will be used as a guarantee for the amounts due by CNCE as per the facility draft agreement.

None of these seven agreements had any impact on BPCE's 2011 financial statements.

Collateral remuneration agreement between BPCE and Banques Populaires

The purpose of the agreement is to determine the bases for calculation and payment under which the Banque Populaire banks will receive a payment in return for transferring assets that are eligible for ECB Monetary Policy operations. The BPCE Supervisory Board approved the signing of this agreement on February 24, 2010.

The implementation of this agreement led to the booking of an expense of €21,689,602.31 in BPCE's 2011 financial statements.

Collateral remuneration agreement between BPCE and Caisses d'Epargne

The purpose of the agreement is to determine the bases for calculation and payment under which the Caisses d'Epargne will receive a payment from BPCE in return for transferring assets that are eligible for operations by the European Central Bank in monetary policy.

At the meeting of June 24, 2009, the CNCE Supervisory Board authorized the signing of this agreement, entered into for three years and renewable automatically for another three-year period, unless terminated in advance.

The implementation of this agreement led to the booking of an expense of €69,819,657.21 on BPCE's 2011 financial statements.

Guarantee granted by the Caisses d'Epargne to BPCE

A protection mechanism has been set up safeguarding, at the Caisses d'Epargne level, economic exposure to certain proprietary workout Portfolio Management (listed and unlisted medium- and long-term and discretionary management portfolio) operated by CE Participations in the form of 314 separate total return swaps.

This protection mechanism was set up through the following transactions:

- the purchase from CE Participations by BPCE and the Caisses d'Epargne, according to their stake in CE Participations, of the entirety of GCE SRD 007's (now Triton) share capital followed by a capital increase in cash by GCE SRD 007;
- the signing by CE Participations and GCE SRD 007 of an FBF master agreement relating to futures transactions, a master confirmation agreement, a service level agreement by GCE SRD 007 and BPCE, a financing agreement under which the Caisses d'Epargne, in their capacity as partners of GCE SRD 007, provide the latter with the cash necessary to meet its commitments under the total return swap contracts and the service level agreement and an agreement relating to interim transactions on proprietary trading activities covered by the protection mechanism since January 1, 2010;
- in addition, the Caisses d'Epargne, CE Participations and BPCE signed a guarantee agreement, under which the Caisses d'Epargne, in their capacity as partners of GCE SRD 007, grant a non-joint guarantee to CE Participations and BPCE as surety and guarantee of the obligations and commitments of GCE SRD 007 under the total return swap contracts and the sums due under the service level agreement.

At its meeting of June 3, 2010, the Supervisory Board authorized the signing of the guarantee agreement between BPCE, CE Participations and the Caisses d'Epargne and authorized it for signature.

The implementation of these agreements had no impact on BPCE's financial statements during fiscal year 2011.

Creation of Groupe BPCE's new funding tool

Within the framework of the proposed law on banking and financial regulation and as part of the changes to the funding programs used by the Banque Populaire banks and the Caisses d'Epargne, BPCE wished to create a *Société de Financement de l'Habitat*. At its meeting on June 30, 2010, the Supervisory Board authorized the signing of a framework agreement as a borrower and guarantor, and more generally the establishment of loans, the creation of guarantees and the mandate enabling BPCE to act for and on behalf of participants in the new issue program and authorize it for signature.

The implementation of this agreement had no impact on BPCE's 2011 financial statements.

Exercise of call option on NGAM shares

On December 18, 2009, CE Participations and Natixis Participations 1 signed a purchase agreement under the terms of which CE Participations sold, on this date, the shares that it held in NGAM to Natixis Participations 1.

This purchase agreement notably provides for the possible payment of an additional price consideration to CE Participations in certain circumstances that it defines. This agreement had no impact on BPCE's 2011 financial statements.

Dated senior loan agreement

The purpose of the contracts signed on June 24, 2009 under the framework of the re-categorization of the Banques Régionales' (formerly HSBC) securities *vis-à-vis* the Banques Populaires d'adossement (Banque Populaire Provençale et Corse, Banque Populaire des Alpes, Banque Populaire du Sud) was to loan, at 3M Euribor +0.93%, the following amounts in principal:

- €102,000,000 to Banque Populaire du Sud;
- €49,000,000 to Banque Populaire Provençale et Corse;
- €30,000,000 to Banque Populaire des Alpes.

The implementation of these agreements led to the booking of €4,142,878.84 in income on BPCE's 2011 financial statements.

Dated subordinated loan agreements

These contracts signed on June 24, 2009 under the framework of the re-categorization of the Banques Régionales' (formerly HSBC) securities *vis-à-vis* the Banques Populaires d'adossement (Banque Populaire Provençale et Corse, Banque Populaire des Alpes, Banque Populaire du Sud) have the following characteristics:

- €100,000,000 at 3M Euribor +1.55% to Banque Populaire Provençale et Corse;
- €80,000,000 at 3M Euribor +1.55% to Banque Populaire des Alpes.

The implementation of these agreements led to the booking of €5,647,905.28 in income on BPCE's 2011 financial statements.

Non-interest bearing current account agreement with the limited liability company Bateau Banque Populaire

On December 22, 2006, a non-interest bearing current account agreement was granted by BFBP to the limited liability company Bateau Banque Populaire.

At December 31, 2011, the non-interest bearing current account advance was €546,144 on BPCE's financial statements.

Partnership agreement with Crédit Immobilier et Hôtelier (CIH)

At its November 13, 2007 meeting, the CNCE Supervisory Board approved the signing of a partnership agreement with Crédit Immobilier et Hôtelier (CIH) providing for the launch of a joint commercial offer founded 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 (now Groupe BPCE) 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.

This agreement had no impact on BPCE's 2011 financial statements.

Amendment to MiFID agreement

The CNCE lending activity managed in 2005 was sold to various Groupe Caisse d'Epargne subsidiaries. To this end, CNCE sold to IXIS Corporate & Investment Bank on November 18, 2005 its mid- and long-term French public sector financing business, under a partial transfer of goodwill.

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 was signed on February 19, 2007.

On November 20, 2009, BPCE (taking over the rights of CNCE), Natixis (taking over 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 and concerning the categorization of Natixis' counterparties and the notification of their category.

This agreement had no impact on BPCE's 2011 financial statements.

Amendment to the "Package PLS – Package PLI" agreement with Crédit Foncier de France (CFF)

CNCE and CFF signed a "Package PLS and Package PLI" partnership agreement on December 14, 2005 to implement a new strategy for the distribution of regulated loans, which was amended as follows: the scope of loans concerned is extended to include PLS, PLI, PSLA loans as well as open loans for new flows and related transactions as well as the rules for calculating the commission.

This agreement had no impact on BPCE's 2011 financial statements.

Amendment to the financial intermediary agreement for local authorities and institutional clients

On June 19, 2008, CNCE, Crédit Foncier de France 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 Groupe CFF, which holds the loans granted to local authority and institutional clients on its balance sheet. Given the financial context, an exceptional waiver was granted for the primary commission fees for financial intermediaries on the new flows due for 2008.

This agreement had no impact on BPCE's 2011 financial statements.

Guarantee given by CNCE to Natixis Asset Management (formerly IXIS Asset Management)

CNCE (taking over the rights of CDC IXIS following the Refondation 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 had no impact on BPCE's 2011 financial statements.

Two agreements entered into within the scope of the guarantee granted by CNCE (representing the rights of CDC Ixis following the “Refondation” 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, required the following guarantee:

- an amendment to the commitment letter signed on May 28, 2003 by CNCE and Natixis Capital Markets to include this SPV within the scope of this letter;
- 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 two agreements had no impact on BPCE’s 2011 financial statements.

Guarantee granted by AEW Europe to CNCE (representing the rights of CDC IXIS following the “Refondation” of December 31, 2004)

IXIS AEW Europe granted a guarantee on the EPI fund (a €500 million fund established by AEW Europe), to the benefit of CNCE, following the payment by CNCE of €50 million into this fund.

This agreement had no impact on BPCE’s 2011 financial statements.

Paris La Défense and Neuilly-sur-Seine, March 30, 2012

KPMG Audit	PricewaterhouseCoopers Audit	Mazars
Department of KPMG SA		
Fabrice Odent Marie-Christine Jolys	Anik Chaumartin	Jean Latorzeff Charles de Boisriou

7.10 Persons responsible for auditing the financial statements

7.10.1 Statutory Auditors of BPCE

The Statutory Auditors are responsible for auditing BPCE's individual financial statements and Groupe BPCE and BPCE SA group's consolidated financial statements. At December 31, 2010, the Statutory Auditors are:

PricewaterhouseCoopers Audit	KPMG Audit	Mazars
63, rue de Villiers 92208 Neuilly-sur-Seine Cedex	Département de KPMG SA 1, cours Valmy 92923 Paris-La Défense Cedex	61, rue Henri-Regnault 92075 Paris La Défense Cedex

PricewaterhouseCoopers Audit (672 006 483 RCS Nanterre), KPMG Audit (775726417 RCS Nanterre) 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*.

PRICEWATERHOUSECOOPERS AUDIT

The General Meeting of CEBP (whose name was changed to BPCE following its Combined 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 Ms Anik Chaumartin.

Alternate Statutory Auditor: 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 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 Ms 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 Articles of Association 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 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 Articles of Association 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 Mr Charles De Boisriou and Mr Jean Latorzeff.

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.

7.10.2 Remuneration paid to the Statutory Auditors

As part of its duties defined in Article 3.3 of the rules of procedure of BPCE's Supervisory Board, the Audit and Risk Committee ensures that the Statutory Auditors are independent, specifically by carrying out a detailed review of fees paid by the Group to them and the network to which they belong.

Furthermore, in accordance with AMF instruction 2006-10, Statutory Auditors' fees are published in the registration document, specifying the following:

- fees paid to the Statutory Auditors of the BPCE SA group;
- fees paid to the Statutory Auditors of Groupe BPCE.

FEES PAID TO THE STATUTORY AUDITORS OF THE BPCE SA GROUP

The following fees were paid to the Statutory Auditors responsible for auditing BPCE's financial statements, together with their networks, in respect of the 2010 and 2011 fiscal years:

amounts in thousands of euros[1]	Total				PWC				Mazars				KPMG			
	2011		2010		2011		2010		2011		2010		2011		2010	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
AUDIT																
Statutory audit, examination of individual and consolidated financial statements[2]	**18,645**	**76%**	**19,238**	**77%**	**6,013**	**63%**	**6,733**	**67%**	**4,623**	**93%**	**4,548**	**85%**	**8,010**	**83%**	**7,957**	**83%**
- Issuer	1,630		1,636		534		590		553		531		543		515	
- Subsidiaries	17,015		17,602		5,479		6,143		4,070		4,017		7,467		7,442	
Other due diligence and services directly linked to the statutory Auditors' duties	**2,882**	**12%**	**3,668**	**15%**	**1,578**	**16%**	**2,280**	**23%**	**209**	**4%**	**604**	**11%**	**1,096**	**8%**	**784**	**8%**
- Issuer	1,865		2,041		874		1,259		89		410		902		372	
- Subsidiaries	1,017		1,627		704		1,021		120		194		194		412	
Subtotal[3]	**21,527**	**88%**	**22,906**	**92%**	**7,590**	**79%**	**9,013**	**90%**	**4,832**	**97%**	**5,152**	**96%**	**9,105**	**92%**	**8,741**	**92%**
Change *(%)*	*(6)%*				*(16)%*				*(6)%*				*4%*			
Services provided by the network to fully consolidated subsidiaries																
- Legal, tax, payroll	1,390		1,279		607		545		1		2		782		732	
- Other	1,595		748		1,413		463		150		225		32		60	
Subtotal[4]	**2,985**	**12%**	**2,027**	**8%**	**2,020**	**21%**	**1,008**	**10%**	**151**	**3%**	**227**	**4%**	**814**	**8%**	**792**	**8%**
TOTAL	**24,512**	**100%**	**24,933**	**100%**	**9,610**	**100%**	**10,021**	**100%**	**4,983**	**100%**	**5,379**	**100%**	**9,919**	**100%**	**9,533**	**100%**
Change *(%)*	*(2)%*				*(4)%*				*(7)%*				*+4%*			

Comments:

(1) Amounts relating to services provided appear on the income statement for the reporting year, notably including unrecoverable VAT and, where applicable, before being deducted from equity.

(2) Includes services provided by independent experts or members of the Statutory Auditor's network upon whom the Statutory Auditor may call in the course of certifying the financial statements.

(3) The 6% reduction in audit fees is mainly a result of deconsolidations during the financial year (-€0.7 million) and a reduction in services directly linked to the Statutory Auditor's duties (-€0.8 million) performed at the request of BPCE SA group.
"Other checks directly linked to the Statutory Auditors' duties" mainly consist of checks carried out when auditing acquisitions, analyses to ascertain compliance with new regulations and internal control reviews in respect of subsidiaries.

(4) Non-audit services performed by the network of the Statutory Auditors responsible for auditing BPCE's financial statements mainly consist of tax-related services and reviews of the internal control system on behalf of Natixis SA and its subsidiaries.

FEES PAID TO THE STATUTORY AUDITORS OF GROUPE BPCE

Fees in respect of duties carried out by the Statutory Auditors in respect of the whole of Groupe BPCE (including Statutory Auditors not belonging to the same network as those responsible for auditing BPCE's financial statements) in respect of the 2010 and 2011 fiscal years were as follows:

amounts in thousands of euros[1]	Total				Statutory Auditors (and their networks) responsible for auditing BPCE's financial statements[4]								Other Statutory Auditor networks			
					BPCE SA group				Other Groupe BPCE Entities							
	2011		2010		2011		2010		2011		2010		2011		2010	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
AUDIT																
Statutory audit, examination of individual and consolidated financial statements	43,115	82%	44,951	85%	18,645	76%	19,238	77%	12,223	97%	11,804	96%	12,247	79%	13,909	88%
Other due diligence and services directly linked to the Statutory Auditors' duties	4,434	8%	5,560	10%	2,882	12%	3,668	15%	290	2%	411	3%	1,262	8%	1,482	9%
Subtotal[2]	**47,549**	**90%**	**50,511**	**95%**	**21,527**	**88%**	**22,906**	**92%**	**12,513**	**100%**	**12,215**	**99%**	**13,509**	**87%**	**15,391**	**97%**
***Change** (%)*	***(6)%***				***(6)%***				***2%***				***(12)%***			
Services provided by the network to fully consolidated subsidiaries																
Legal, tax, payroll	2,119		1,536		1,390		1,279				27		729	5%	230	
Other	2,960		1,099		1,595		748		54		117		1,311	8%	234	
Subtotal[3]	**5,079**	**10%**	**2,635**	**5%**	**2,985**	**12%**	**2,027**	**8%**	**54**	**0%**	**144**	**1%**	**2,040**	**13%**	**464**	**3%**
TOTAL	**52,628**	**100%**	**53,146**	**100%**	**24,512**	**100%**	**24,933**	**100%**	**12,567**	**100%**	**12,359**	**100%**	**15,549**	**100%**	**15,855**	**100%**
***Change** (%)*	***(1)%***				***(2)%***				***2%***				***(2)%***			

Comments:

(1) Amounts relating to services provided appear on the income statement for the reporting year, notably including unrecoverable VAT and, where applicable, before being deducted from equity.

(2) The 6% reduction in audit fees is mainly a result of deconsolidations during the financial year (-€1.3 million) and a reduction in services directly linked to the Statutory Auditor's duties (-€1.1 million) performed at the request of Groupe BPCE.

(3) Non-audit services performed by the network of the Statutory Auditors responsible for auditing BPCE's financial statements mainly consist of tax-related services and reviews of the internal control system on behalf of Natixis SA and its subsidiaries.

(4) PWC, Mazars and KPMG.

7.11 Information officer

Roland Charbonnel

Director, Issues and Investor Relations division

7.12 Documents on display

This document is available from the "Investor Relations" section of the Group's website, www.bpce.fr, or from the *Autorité des marchés financiers* website, 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 division
50, avenue Pierre Mendès-France
75013 Paris, France

7.13 Financial calendar

February 23, 2012	Publication of the full-year and fourth quarter 2011 results
May 10, 2012	Publication of the first quarter 2012 results
May 24, 2012	BPCE Annual Shareholders' Meeting
August 2, 2012	(After market close) – Publication of the second quarter and first half 2012 results
November 14, 2012	(After market close) – Publication of the third quarter 2012 results

8

PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT AND FOR THE ANNUAL FINANCIAL REPORT

François Pérol, Chairman of the BPCE Management Board.

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 that appears on pages 153 to 171 and 313 to 319, presents 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 entire document.

The historical financial information presented in this registration document was commented on in reports by the Statutory Auditors, as set out on pages 246 to 247, 311 to 312, and 356 to 357 of this 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 financial information presented in the 2010 registration document, incorporated by reference, which was filed with the *Autorité des marchés financiers* on April 12, 2011 under the number R.11-012, was commented on in reports by the Statutory Auditors, as set out on pages 250 to 251, 312 to 313, and 356 to 357 of said 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, the BPCE SA group and BPCE each contain one observation.

The financial information presented in the 2009-02 registration document, incorporated by reference, which was filed with the *Autorité des marchés financiers* on May 10, 2010 under the number R.10-035, 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 said 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 one observation.

Paris, March 30, 2012

François Pérol

Chairman of the BPCE Management Board

9

CROSS-REFERENCE TABLE

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In accordance with Article 28 of European Regulation No. 809/2004 of April 29, 2004, the following information is incorporated by reference in this registration document:

- Groupe BPCE's consolidated financial statements for the fiscal year ended December 31, 2010 and the Statutory Auditor's report, presented on pages 182 to 251 of the registration document filed with the *Autorité des marchés financiers* on April 12, 2011 under the number R11-012;
- the BPCE SA group's consolidated financial statements for the fiscal year ended December 31, 2010 and the Statutory Auditor's report, presented on pages 252 to 313 of the registration document filed with the *Autorité des marchés financiers* on April 12, 2011 under the number R11-012;
- BPCE's annual financial statements for the fiscal year ended December 31, 2010 and the Statutory Auditor's report, presented on pages 314 to 357 of the registration document filed with the *Autorité des marchés financiers* on April 12, 2011 under the number R11-012;
- Groupe BPCE's consolidated financial statements for the fiscal year ended December 31, 2009 and the Statutory Auditor's report, presented on pages 222 to 315 of the registration document filed with the *Autorité des marchés financiers* on May 10, 2010 under the number R10-035;
- the BPCE SA group's consolidated financial statements for the fiscal year ended December 31, 2009 and the Statutory Auditor's report, presented on pages 316 to 390 of the registration document filed with the *Autorité des marchés financiers* on May 10, 2010 under the number R10-035;
- BPCE's annual financial statements for the fiscal year ending December 31, 2009 and the Statutory Auditor's report, presented on pages 391 to 437 of the registration document filed with the *Autorité des marchés financiers* on May 10, 2010 under the number R10-035.

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BPCE
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with a capital of €467,226,960

Registered office:
50, avenue Pierre Mendès-France
75 201 Paris Cedex 13
Tel.: 33 (0) 1 58 40 41 42
Paris Trade and Companies Register N°493 455 042

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www.bpce.fr