

## Natexis Banques Populaires, Now Natixis, L-T Rating Raised To 'AA'; Off Watch; Outlook Stable

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### Rationale

On Nov. 17, 2006, Standard & Poor's Ratings Services raised its long-term counterparty credit rating on Natexis Banques Populaires (NBP), renamed Natixis S.A., to 'AA' from 'AA-', and removed it from CreditWatch where it was placed with positive implications on May 26, 2006. At the same time, the 'A-1+' short-term counterparty credit rating was affirmed. The outlook is stable. In a related rating action, Standard & Poor's raised to 'AA' from 'AA-' the long-term counterparty credit rating on the core operating subsidiaries of French credit insurance group Coface S.A. and removed the rating from CreditWatch where it was placed with positive implications on May 30, 2006. The outlook is stable.

The rating actions follow the transformation today of NBP into Natixis—the joint venture under which Groupe Banque Populaire (GBP) pooled its wholesale banking and financial services activities with those of the Caisse d'Epargne Group (GCE). Although GBP and GCE currently own equal shares of Natixis (45% each), each partner plans to sell down 11% of its stake in the venture to the market before year-end 2006.

The ratings on Natixis reflect our view that the bank is a core entity to GCE (central organ Caisse Nationale des Caisses d'Epargne et de Prévoyance; AA/Stable/A-1+) and GBP (central organ Banque Fédérale des Banques Populaires; AA-/Stable/A-1+). The ratings also take into account the combined strong support of the two parent groups. Natixis will enjoy very strong strategic, financial, and operational links to both groups. Now that NBP has been transformed into Natixis, it benefits from the complementary nature of the businesses it received from its parents. Natixis boasts a better-balanced business profile and more-diversified net income sources than those of NBP alone.

GCE's wholesale-banking arm, IXIS Corporate & Investment Bank (IXIS CIB), has sophisticated capital market expertise but a limited corporate client base, while NBP has a good corporate franchise but a smaller range of investment banking products to cross sell. Asset management complementarities are also good. Although Natixis is likely to remain a second-tier player in corporate and investment banking in Europe, it should reach a more critical size than that of NBP and IXIS CIB separately. Overall, Natixis is expected to have a greater capacity for innovation and bigger economies of scale. Natixis will therefore provide GBP and GCE with a stronger platform, ultimately translating into higher non-retail-banking contributions to both groups. Natixis asset quality is expected to be satisfactory, essentially geared toward large corporations and wealthy economic areas. Although the newly created venture still needs to cope with the challenge of building an integrated risk management framework, the bank will benefit from NBP's satisfactory loan underwriting ability and monitoring tools in credit risk and from IXIS CIB's adequate expertise in trading risk management.

Execution and governance risks exist due to the nature of the venture and are the main downside risk linked to this transaction. We consider, however, that risks are partially mitigated by the strong complementary nature of the businesses brought to the venture by each group and the commitment of both experienced management teams, who share the same strategic goals and culture. Expected synergies linked to the creation of the venture appear reasonable. According to Natixis financial objectives set for 2010, its cost-to-income ratio is poised to stand at 60% as of the end of the period, compared with 68% at year-end 2005. Although reaching the financial objectives will be challenging, we believe that the new competitive advantages derived from the creation of the venture increase the chances of achieving them. Natixis' pro forma Tier 1 ratio stood at a high 8.9% as of end-June 2006. Standard & Poor's views capitalization as only adequate, however, when adjusted for intragroup certificats cooperatifs d'investissement and considering that we believe regulatory capital requirements under Basel I do not allocate enough capital for market and insurance activities. Natixis' capitalization is nevertheless solidly backed by its membership in well-capitalized parent groups.

## Outlook

The stable outlook reflects our expectation that Natixis will remain a core entity for GBP and GCE and that the integration process will be implemented as planned. The outlook also factors in a successful sell-down by GBP and GCE of part of their Natixis holdings on the stock market, meant to preserve the two partners' capital ratios at year-end 2006. We would consider as negative rating factors any unexpected risk management or governance issues, as well as more aggressive wholesale development strategy of both partners resulting from the Natixis venture.

## Ratings List

To	From
Natixis S.A. (previously Natexis Banques Populaires)	
Long-term counterparty credit rating	
AA/Stable	AA-/Watch Pos
Short-term counterparty credit rating	
A-1+	A-1+

Coface S.A.		
Coface Assicurazioni SpA		
Coface Austria Kreditversicherung AG		
Coface North America Insurance Co.		
Counterparty credit rating	AA/Stable/—	AA-/Watch Pos/—
Insurer financial strength rating	AA/Stable	AA-/Watch Pos
Coface Finanz GmbH		
Long-term counterparty credit rating	AA/Stable	AA-/Watch Pos
Short-term counterparty credit rating	A-1+	A-1+
Coface Kreditversicherung AG		
Long-term counterparty credit rating	AA/Stable	AA-/Watch Pos
Short-term counterparty credit rating	A-1+	A-1+
Insurer financial strength rating	AA/Stable	AA-/Watch Pos

NB: This list does not include all ratings affected.

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## Ratings On IXIS CIB, Other Former CNCE Subs Unchanged Following Ownership Transfer To Natixis

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PARIS (Standard & Poor's) Nov. 17, 200—Standard & Poor's Ratings Services said today that the transfer of ownership of several subsidiaries of Caisse Nationale des Caisses d'Epargne et de Prévoyance (CNCE, AA/Stable/A-1+) to Natixis S.A. (AA/Stable/A-1+) has no impact on the ratings on these subsidiaries: IXIS Corporate & Investment Bank (IXIS CIB, AAA/Negative/A-1+); Société d'Assurance des Crédits des Caisses d'Epargne de France (AA/Stable/—); CIFG Guaranty (AAA/Stable/—); and Crédit Agricole Caisse d'Epargne Investor Services SAS (AA-/Stable/A-1+), the 50-50 joint-venture subsidiary established between CNCE and Crédit Agricole S.A. (AA-/Positive/A-1+). (See also published today on RatingsDirect.)

Natixis is the new name of the former Natexis Banques Populaires following the bank's reception of assets from Group Caisse d'Epargne (GCE)—including the four above-mentioned subsidiaries of CNCE, the central body of GCE—and Group Banque Populaire (GBP), whose central body Banque Fédérale des Banques Populaires is rated AA-/Stable/A-1+. Natixis pools together the wholesale-banking and financial services activities of GCE and GBP and is a core entity for its two parents.

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**Rating Action: Natixis**

**Moody's upgrades Natexis Banques Populaires, renamed Natixis, to Aa2; confirms Aa2 ratings of Caisse Nationale des Caisses d'Epargne Prevoyance and of IXIS CIB**

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London, 17 November 2006 -- Moody's Investors Service Ltd. has upgraded to Aa2 with a stable outlook from Aa3 the long-term deposit and senior unsecured debt ratings of Natexis Banques Populaires, renamed Natixis. In addition, the outlook on the bank's C financial strength rating (FSR) has been changed to positive from stable. The P-1 short-term bank deposit and debt ratings of Natixis and their stable outlook are unchanged. Moody's has also concluded the reviews initiated on 26 May 2006 and on 7 June 2006 and confirmed, with a stable outlook, the long-term deposit and senior unsecured debt ratings of --

- Caisse Nationale des Caisses d'Epargne Prevoyance (CNCEP) at Aa2 (its P-1/B ratings are unchanged). The review focused on the importance of the French State's support without Caisse des Depots et Consignations (CDC) owning a direct stake in CNCEP;

- IXIS Corporate and Investment Bank (IXIS CIB) at Aa2 (its P-1/C ratings are unchanged). The review focused on the strategic importance of IXIS CIB within Natixis and on support considerations; and

- Banque Palatine at Aa3 (its P-1/C- ratings are unchanged). The review focused on CNCEP's support of the bank and on clarifying the position, role and strategy of Banque Palatine within the Savings Banks group as a consequence of the creation of Natixis.

As part of this rating action, Moody's has also upgraded to Aa2 from Aa3 Credit Foncier de France's (CFF) long-term bank deposit and debt ratings (its P-1/C- ratings are unchanged).

In addition, Moody's has affirmed the Aaa insurance financial strength (IFS) ratings of CIFG Guaranty, CIFG Europe and CIFG Assurance North America, Inc., the financial guaranty insurance companies contributed to Natixis by CNCEP. The ratings of the Banque Populaire group, which is rated Aa3/P-1/B (stable outlooks) through the Banque Federale des Banques Populaires (BFBP), are also affirmed. The ratings of Coface and related companies will be commented on in a separate press release, noted Moody's.

Commenting on these rating actions, Moody's said that the Aa2 long-term deposit and senior unsecured debt ratings of Natixis incorporate the strong support expected from both the Banque Populaire and the Savings Banks mutualist groups. In particular, these ratings take into account the very strong commitment of Natixis' strategic shareholders - CNCEP and BFBP - vis-a-vis the Bank of France to support Natixis. They also factor in the expectation that Natixis will ultimately benefit from a "double affiliation" status, as proposed amendments to the "Code Monetaire et Financier" have reached an advanced stage of approval. In addition, they take into account the expectation that Natixis will benefit from specific internal support mechanisms agreed between BFBP and CNCEP in a Shareholders' Pact and from other internal agreements reached by these two strategic shareholders.

With regards to the change of Natixis' C FSR rating outlook to positive from stable, Moody's said that this rating action reflects, in particular, the strengthened franchise and market position of Natixis post the contribution of key CNCEP businesses, which complement well those of the former NBP. It reflects the diversified revenue streams of Natixis, its comfortable capitalisation, as well as the expectation that the bank's financial strength will improve as revenue and cost synergies are realised, and as the bank's medium-term rationalisation and growth strategy are implemented. Moody's cautioned however that execution and operational risks in respect of the restructuring of the bank and the integration of subsidiaries, particularly IXIS CIB, are material. The rating agency also said that it would closely follow developments in the area of risk governance and management.

Commenting on individual reviews concluded in this rating action, Moody's said that the long-term deposit and senior unsecured debt ratings of CNCEP -- confirmed at Aa2 -- incorporate Moody's expectation of some continued State support, in spite of CDC's forthcoming exit from CNCEP's capital in the course of 2007, given the systemic importance of the Savings Banks group.

In addition, in the case of IXIS CIB, Moody's commented that its long-term bank deposit and senior unsecured debt ratings -- also confirmed at Aa2 -- point to the strategic importance of IXIS CIB for Natixis. This rating action reflects the planned full integration of IXIS CIB within Natixis in the short-term and, ultimately, the expected support of BFBP and CNCEP in respect of IXIS CIB through Natixis if need be, until the full integration of IXIS CIB within Natixis. Importantly, the Aa2 rating of all existing IXIS CIB and related

issuing vehicle debt outstanding guaranteed by CNCEP is confirmed at Aa2. All new debt issued by IXIS CIB until its full integration within Natixis will be guaranteed by CNCEP and, as such, will be rated Aa2. Moreover, existing and future debt issues of IXIS CIB and of related issuing vehicles guaranteed by CDC or CNCEP continue to benefit from existing guarantee arrangements, noted Moody's.

With regards to the long-term deposit and senior unsecured debt ratings of Banque Palatine -- confirmed at Aa3 -- this rating level reflects Moody's appreciation of the role and strategic importance of the bank for the Savings Banks group. While Banque Palatine benefits from an affiliated status within the Savings Banks group, Moody's believes that its strategic importance is lower than for other affiliated group members that are rated. In addition, the level of integration of Banque Palatine within the Savings Bank's group remains low and is not expected to increase significantly in the short-to medium-term.

Turning to the upgrade of CFF to Aa2 from Aa3, this rating action is directly related to the confirmation at Aa2 of CNCEP's long-term bank deposit and senior unsecured debt ratings. It reflects the strategic role of CFF within CNCEP, its increasing operating integration with the Savings Banks group, its leading position within the French and the European covered bond market, as well as its status as affiliated entity within the Savings Banks group.

The following ratings were upgraded, with stable outlooks:

- Natixis (formerly Natexis Banques Populaires): (i) long-term deposit, senior unsecured debt, and Issuer ratings to Aa2 from Aa3; (ii) subordinated and junior subordinated debt ratings to Aa3 from A1; and (iii) deeply subordinated debt rating to A1 from A2

- Natexis Luxembourg SA: long-term bank deposit rating to Aa2 from Aa3

- Natexis AMBS Company LLC, NBP Capital Trust I, NBP Capital Trust III, and NBP Preferred Capital I, LLC: preferred stock to A1 from A2

- Credit Foncier de France: (i) long-term bank deposit and debt ratings to Aa2 from Aa3; and (ii) subordinated debt rating to Aa3 from A1

The following ratings were confirmed, with stable outlooks:

- CNCEP: (i) Aa2 bank deposit and senior unsecured debt ratings, (ii) Aa3 subordinated debt ratings, and (iii) A1 deeply subordinated debt ratings

- IXIS CIB: (i) Aa2 bank deposit and senior unsecured debt ratings, (ii) Aa3 subordinated debt ratings, and (iii) Aa2 and Aa3 debt ratings guaranteed by CNCEP

- IXIS Structured Products Limited: Aa2 senior unsecured debt ratings guaranteed by CNCEP

- Banque Palatine: Aa3 long-term bank deposit rating

The following rating outlook was changed:

- Natixis: The outlook on Natixis' FSR of C was changed to positive from stable.

Based in Paris, Natixis is the newly formed bank resulting from the contribution of a number of financial institutions owned by CNCEP to Natexis Banques Populaires. On a pro-forma basis, Natixis had consolidated assets of Euro 437.9 billion at end-2005 and exhibited a net profit, group share, of Euro 1,662 million.

Based in Paris, CNCEP is the central entity and main debt issuing vehicle of the French Savings Banks mutualist group. At year-end 2005, CNCEP had total consolidated assets of Euro 437.6 billion (2004: Euro 387.8 billion) and posted a net profit group share of Euro 1,103 million (2004: 885 million). The Savings Banks group had total consolidated assets of Euro 594.1 billion (2004: 543.9 billion) and posted a consolidated net profit group share of 2,071 million (2004: Euro 1,785 million) at end-2005.

Based in Paris, BFBP is the central entity of the Banque Populaire mutualist group. At year-end 2005, BFBP had total consolidated assets of Euro 173.3 billion (2004: Euro 145.4 billion) and it posted a net profit of Euro 544 million (2004: Euro 350 million). The Banque Populaire Group had total consolidated assets of Euro 288.7 billion (2004: Euro 250.5 billion) and posted a net profit group share of Euro 1,522 million (2004: Euro 1,195 million) at end-2005.

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## **FITCH AFFIRMS NATIXIS AT 'AA'; OUTLOOK STABLE**

Fitch Ratings-London/Paris-02 October 2007: Fitch Ratings has today affirmed France-based investment bank Natixis's ratings at Long-term Issuer Default Rating (IDR) 'AA', Short-term IDR 'F1+', Individual 'B/C' and Support '1'. The Outlook for the Long-term IDR is Stable.

On 2 April 2007, Natixis became affiliated to the central bodies of both Groupe Caisse d'Epargne (GCE, rated 'AA'/F1+') and Groupe Banque Populaire (GBP, rated 'A+'/F1'). Affiliation, a legal obligation in this case shared jointly and severally between the two entities, means that Natixis's shareholders must ensure that it meets with prudential regulations at all times. Natixis is very sizeable in relation to both GCE and GBP and this obligation represents a significant responsibility for both GCE and GBP. Natixis's IDRs are equalised with those of its more highly rated guarantor, Caisse Nationale des Caisses d'Epargne et Prevoyance, GCE's central body.

Natixis's corporate and investment banking division is the largest contributor to net income. US sub-prime mortgage business generated less than 1% of operating income in 2006 and no direct exposure to originators remains. Given that structured business and securitisations represent an important source of revenues for Natixis, Fitch expects the bank's results to remain vulnerable to continued negative sentiment in these areas. However, the bank operates in a diverse range of activities, with asset management fees and income from its 20% stakes in the regional retail banks of GCE and GBP providing more stable revenues. Natixis's Individual rating reflects its broad spread of activities, good asset quality and management's commitment to maintain a minimum Tier 1 ratio of 8.5%.

Key areas of risk management, notably corporate and institutional credit risk, all aspects of Basel II, plus many strategic areas, are increasingly being developed by committees common to GCE, GBP and Natixis. In Fitch's opinion, these groups are increasingly working together, which is viewed positively by Fitch. A strong management team is in place at Natixis and risks appear well monitored, while both GCE and GBP have low risk profiles and access to stable retail funding bases. The ability to share the onus of affiliation responsibilities between the two groups is also viewed positively by Fitch. However, should any significant indications of weakness or increased risk appetite emerge at Natixis, these signs could trigger a change in the agency's perception of the overall risk profile of GCE and increasingly, the agency sees clear links between the ratings of the three banks.

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## **FITCH AFFIRMS IXIS CORPORATE & INVESTMENT BANK AT 'AA'; OUTLOOK STABLE**

Fitch Ratings-London/Paris-02 October 2007: Fitch Ratings has today affirmed the ratings of France-based Ixis Corporate & Investment Bank (ICIB) at Long-term Issuer Default rating (IDR) 'AA', Short-term IDR 'F1+', Individual 'C' and Support '1'. The Outlook for the Long-term IDR is Stable.

ICIB is a wholly-owned subsidiary of Natixis and on 2 April 2007, it became "affiliated" to Caisse Nationale des Caisses d'Epargne (CNCE) and Banque Federale des Banques Populaires (BFBP), respectively, the central bodies of Groupe Caisse d'Epargne (GCE) and Groupe Banque Populaire (GBP), two leading cooperative banking groups in France and equal shareholders (34.4% each) in Natixis. Under the terms of its affiliation agreements, both CNCE and BFBP are legally, jointly and severally responsible for ensuring that adequate solvency and liquidity are maintained at ICIB at all times. Thus, ICIB's Short- and Long-term IDRs are equalised with those of the more highly rated guarantor, CNCE.

ICIB will be merged into Natixis by end-2007. Once ICIB ceases to exist as a separate legal entity, Fitch will withdraw its ratings.

Ratings assigned to ICIB's guaranteed commitments reflect the guarantees that back them, extended either by Caisse des Depots et Consignations (CDC, rated 'AAA'), or by CNCE.

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