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Paris, July 16, 2008

***Natixis will propose to its general shareholders' meeting a capital increase of €3.7 billion with preferential subscription rights. The capital increase will bring the Core Tier 1 ratio of Natixis to the level of the best capitalized European banks.***

***Banque Fédérale des Banques Populaires and Caisse Nationale des Caisses d'Épargne have committed to subscribe to this capital increase in an amount proportional to their existing shareholdings, and to subscribe for any shares that are not subscribed by other investors, thus showing their full support to Natixis' strategy and management.***

***While Natixis expects to record net income from ordinary activities of approximately €300 million, the writedowns recorded in corporate and investment banking will adversely affect the Group's financial performance.***

***In its second quarter results, Natixis will record writedowns and fair value adjustments of approximately €1.5 billion before tax in respect of exposure to monolines and, to a lesser extent, to ABS CDO portfolios. The second quarter results will be announced on August 25, 2008.***

#### **Strengthening of solvency ratios**

In order to bring its solvency ratios to the level of the best capitalized European banks, Natixis intends to proceed with a €3.7 billion capital increase with preferential subscription rights. **Banque Fédérale des Banques Populaires and Caisse Nationale des Caisses d'Épargne, which together hold 69.8% of Natixis' shares, have committed to subscribe to the capital increase in an amount proportional to their existing shareholdings, and to subscribe for any shares that are not subscribed by other investors.**

€2.5 billion of the proceeds from the issue will be used to pay the shareholder advances granted by BFBP and CNCE in the first half of 2008.

**The Core Tier 1<sup>1</sup> and Tier 1 ratios at June 30, 2008, determined on a pro forma basis taking into account the rights issue, are estimated at more than 7% and approximately 9%,<sup>2</sup> respectively. Natixis will seek to maintain these levels at year-end 2008.**

**Natixis has set an objective of maintaining its Tier 1 ratio between 8.5% and 9.0%.**

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<sup>1</sup> Core Tier 1 assuming deduction of a share of the CCI proportionate to the ratio of Tier 1 capital excluding hybrids to total tier 1 capital

<sup>2</sup> The March 31, 2008 Tier 1 ratio was 8.4% after taking into account 0.7 billion euros of hybrid issuances in April.

### Massive provisioning effort

Natixis' June 30 results will reflect the significant market downturn, which has continued to worsen since early June. This downturn resulted in the sharp and rapid deterioration of the major monoline insurers and the continuation of the residential real estate crisis in the United States. Due to this highly unfavorable environment compared with the first two months of the quarter, Natixis will again record significant provisions, mainly in respect of its exposure to monoline insurers:

1. The economic exposure to monoline insurers has increased compared with the March 31, 2008 level exclusively because of the decrease in the mark-to market value of the underlying assets. At June 30, 2008, it is expected to stand at €2.4 billion versus €2.1 billion at March 31, 2008. The volume of underlying assets guaranteed by monoline insurers was stable, no increase recorded since September 1, 2007.

2. The value of the guarantees granted by monoline insurers has decreased during the very last few weeks due to the successive rating downgrades from rating agencies. This decrease in value is also reflected by the change of CDS market prices of monoline insurers. Based on these two elements, Natixis has decided to increase its writedowns on the economic exposure to monoline insurers. These writedowns were calculated for three monoline insurers (out of seven in this sector) with a 100% default probability rate and a recovery rate of 10%. Except for two monoline insurers, whose default probability rate was estimated at 15%, the other monoline insurers were assigned a default probability rate of 50% with a recovery rate of 10%.

3. Based on these methods, additional writedowns and revaluations will amount to approximately €1 billion, including a collective provision of approximately €150 million, bringing total provisions in respect of gross economic exposure to monoline insurers to €1.5 billion, or 62.5%, including €300 million of collective provisions.

As a result of the worsening of the residential real estate crisis in the United States and its spread to other real estate asset classes, Natixis will post a €400 million writedown on ABS CDOs for the second quarter.

### Strategy changes

Considering the durability and worsening of the financial crisis and the degradation of the economic environment, Natixis will amend its strategy for the 2008-2010 period. It will disclose these changes at the launch of the capital increase. The new plan will likely include five key drivers:

#### 1° Refocusing CIB activities in three ways:

- Confirming Natixis' initial strategic objective to favor client-driven revenues and activities targeting corporate and institutional clients;
- Sharply reducing proprietary trading;
- Stopping or sharply reducing activities for which profitability, capital utilisation or risk profile are no longer satisfactory given new market conditions.

These adjustments will result in the reduction of the share of capital allocated to CIB activities and the decrease of revenue and net profit volatility within CIB.

**2° Major cost-cutting effort.** In line with its end of May announcements, Natixis has entered into a major cost-cutting program of at least 10% of 2007 fixed costs to enhance efficiency and lower the Group break-even point. Total savings of €400 million are targeted by 2009. They will mostly be related to support functions and CIB. The cost of the new plan (approximately €105 million) will be provisioned in the June 30, 2008 accounts. New measures will be considered in the light of the changes to the financial and banking environment.

**3° Confirming revenue synergies targeted for 2010**, by increasing the distribution of Natixis products in the Caisses d'Épargne and Banques Populaires retail networks.

**4° Apart from CIB, organic growth in the other divisions and leverage of the full potential of the shareholder networks will continue.**

- Asset Management, a global player, will continue to develop its multi-boutique model and its distribution platforms in the United States, Europe and Asia;
- Services should increasingly contribute to the Group's net income by intensifying cross-selling opportunities in the Banques Populaires and Caisses d'Épargne networks;
- Retail Banking will maintain a significant contribution to Natixis net income;
- Receivables Management will continue to expand internationally to consolidate its worldwide position.

**5° Review of the Group's business portfolio** with a view to asset arbitrage taking into account market conditions.

#### **Highlights of the first half (estimates)**

The Group's results reflect the difficult market conditions and the uncertainty of the economic environment of the first half of 2008.

**Corporate and Investment Banking** recorded an uneven performance in an unstable market environment, but the impact of the crisis was centered only on a limited number of market activities (proprietary trading, structured credit portfolios). In the same period, client-generated revenues recorded an increase. The Division also implemented rigorous programs to cut costs (which dropped in the first half) and to stabilize risk-weighted assets and overall risks. Apart from fair value adjustments related to the crisis, second quarter net banking income stood up well.

**Asset Management** recorded good business performances thanks to its worldwide presence, which resulted in net inflows in Europe and the United States of €7 billion in the second quarter. At the end of June 2008, assets under management should amount to approximately €590 billion after taking into account the dollar and market effects. While 2008 net banking income is down compared to the prior year, the second quarter figure is up compared to the first quarter.

**Services** performance is in line with its development plan, and the business line is deploying its products in the networks. The quality of its offering is reflected in its results measured in terms of net banking income growth and cost decreases.

Despite a difficult environment, **Receivables Management** confirmed its 2008 objectives thanks to its cost cutting plan and a relatively modest increase in the loss ratio.

**Private Equity** recorded a solid first half for 2008 in terms of investments and disposals; the crisis had a more significant impact on transaction volumes and margin levels in **Private Banking** activities.

Natixis demonstrated good cost control over the period.

While Natixis estimates that its net income from ordinary activities will be on the order of €300 million, the writedowns recorded in corporate and investment banking will adversely impact the Group's financial performance.

**Terms of the capital increase**

The Executive Board will propose at the Extraordinary Shareholders' Meeting a resolution to authorize a capital increase of €3.7 billion with preferential subscription rights.

The Notice of Shareholders Meeting to be held on August 25, 2008 and the agenda will be published in the B.A.L.O dated [●].

The subscription price for the new shares, the number of shares to be issued and the rights exchange ratio will be determined by the Executive Board and published by Natixis before the opening of the rights trading period, which will be set depending on market conditions.

The new shares issued will rank *pari passu* with the existing shares.

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*Natixis will file a prospectus relating to the capital increase (composed of its Reference Document, as updated, and a transaction note, including a summary) with the Autorité des marchés financiers ("AMF"). Investors should refer to the Reference Document filed by Natixis with the AMF on April 18, 2008 for a description of risk factors relating to Natixis and its business. A description of risk factors relating to the rights offering will be included in the prospectus.*

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This appendix details risk exposures concerning ABS CDOs containing subprime and monoline exposures, subject of the main writedowns of the 2008 first half.

## **1. Exposure to ABS CDOs comprising subprime**

### **1.1. ABS CDO valuation method**

- Cumulative loss rate unchanged versus Q1-08, i.e. 25% for 2006/2007 vintages and 10% for 2005 vintage
- Operations included in the collateral and rated CCC+ or less are allocated a 95% loss
- Valuation of non-subprime underlying assets based on an impairment scale resulting from market comparables that integrate type, rating and vintage of operations.
- Calculation of the expected loss levels due to the credit enhancement of which the Group benefits

#### Stress test:

An increase of cumulated loss rate to 27% for 2006/2007 vintages and 12% for 2005 vintage would have a negative impact of €69 million on Natixis' consolidated NBI.

## 1.2. ABS CDO breakdown

| <i>In millions of euros</i> | #1        | #2                             | #3        | #4         | #5         | #6         | #7         | #8        |
|-----------------------------|-----------|--------------------------------|-----------|------------|------------|------------|------------|-----------|
| <b>Nominal exposure</b>     | 188       | 316                            | 254       | 450        | 508        | 376        | 194        | 117       |
| <b>Qualitative data</b>     |           |                                |           |            |            |            |            |           |
| Book                        | Trading   | Trading                        | Trading   | Trading    | Trading    | Option JV  | Trading    | Trading   |
| Underlying assets           | Mezzanine | Mezzanine                      | Mezzanine | High Grade | High Grade | High Grade | Mezzanine  | Mezzanine |
| Attachment point            | 28.6%     | 20 CDOs<br>Moy: 28% / Min: 10% | 60.0%     | 0.2%       | 20.0%      | 13.5%      | 39.8%      | 80.0%     |
| <b>Underlying assets</b>    |           |                                |           |            |            |            |            |           |
| % of subprime assets        | 92.3%     | 69.4%                          | 65.9%     | 19.9%      | 19.6%      | 12.2%      | 74.4%      | 79.2%     |
| ≤ 2005                      | 14.3%     | 37.6%                          | 48.2%     | 16.6%      | 12.5%      | 7.6%       | 68.3%      | 16.9%     |
| 2006 & 2007                 | 78.0%     | 31.8%                          | 17.7%     | 3.3%       | 7.1%       | 4.6%       | 6.1%       | 62.3%     |
| % of Alt-A assets           | 1.5%      | 8.4%                           | 7.0%      | 0.7%       | 1.7%       | 1.6%       | 1.0%       | 7.5%      |
| <b>Writedowns</b>           |           |                                |           |            |            |            |            |           |
| Writedowns at June 30, 2008 | -154      | -297                           | -238      | -100       | -83        | -34        | -56        | -82       |
| of which H1-08              | -11       | -14                            | -152      | -70        | -83        | -29        | -56        | -82       |
| CDO depreciation rate       | 81.8%     | 93.9%                          | 93.8%     | 22.3%      | 16.3%      | 8.9%       | 29.1%      | 69.7%     |
| <b>Fair value</b>           | <b>34</b> | <b>19</b>                      | <b>16</b> | <b>350</b> | <b>425</b> | <b>342</b> | <b>138</b> | <b>36</b> |

## 2. Monoline exposure

### 2.1. Methodology

#### *Economic exposure*

- The economic exposure of ABS CDOs containing subprime was determined using the method detailed in 1.1
- The economic exposure of the other types of assets was determined using either the Mark-to-Market or Mark-to-Model method

#### *Fair value adjustments:*

- Monoline insurers are broken down into three groups based on credit quality and market spread levels. They are then attributed differentiated probabilities of default (PD):

|         | <b>PD</b> | <b>Monoline</b>       |
|---------|-----------|-----------------------|
| Group 1 | 15%       | FSA, Assured guaranty |
| Group 2 | 50%       | MBIA, AMBAC, RADIAN   |
| Group 3 | 100%      | CIFG, FGIC, XL, ACA   |

- Regardless of the group, the recovery rate (R) is set at 10%
- The individual provision is defined as the mark-to-market value (or mark-to-model value) multiplied by the expected loss (Expected loss =  $PD \cdot (1-R)$ ) for each monoline.
- Collective provision has also been provided for.

## 2.2. Exposure by counterparty

| <i>In millions of euros</i> | Gross economic exposure | Fair value adjustments |            | Residual exposure before collective provision | Collective provision |            | Residual exposure |
|-----------------------------|-------------------------|------------------------|------------|---|----------------------|------------|-------------------|
|                             |                         | Total                  | T2-08      |   | Total                | T2-08      |                   |
| Ambac                       | 134                     | 60                     | 52         | 74  |                      |            |                   |
| Assured Guaranty            | 412                     | 56                     | 13         | 356   |                      |            |                   |
| CIFG                        | 547                     | 492                    | 430        | 55  |                      |            |                   |
| FGIC                        | 63                      | 57                     | 43         | 6   |                      |            |                   |
| FSA                         | 327                     | 44                     | 33         | 283   |                      |            |                   |
| MBIA                        | 693                     | 312                    | 172        | 381   |                      |            |                   |
| RADIAN                      | 106                     | 48                     | 7          | 58  |                      |            |                   |
| XL                          | 145                     | 131                    | 91         | 14  |                      |            |                   |
| ACA                         | 15                      | 13                     | 9          | 2   |                      |            |                   |
| <b>Total</b>                | <b>2 442</b>            | <b>1 213</b>           | <b>850</b> | <b>1 229</b>                                  | <b>300</b>           | <b>162</b> | <b>929</b>        |