

Paris, November 13, 2013

NATIXIS PRESENTS ITS 2014/2017 STRATEGIC PLAN

**'NEW DEAL', A SUCCESSFUL TRANSFORMATION PLAN:
A SOLID AND PROFITABLE BANK WITH STRONG FRANCHISES**

**'NEW FRONTIER', A DEVELOPMENT PLAN BUILT THROUGH ONE AMBITION:
"BECOMING A PROVIDER OF HIGH VALUE-ADDED SOLUTIONS AND FULLY CLIENT
CENTRIC"**

STRATEGIC PLAN 2017 TARGETS: GENERATE NET REVENUES ABOVE €8BN FROM THE THREE CORE BUSINESSES, A COST-INCOME RATIO OF AROUND 65% AND A ROTE OF BETWEEN 11.5 AND 13%

3 LEVERS TO ATTAIN THESE OBJECTIVES:

- **Accentuate the development and internationalization of the businesses (over 50% of net revenues by end-2017)**
 - Develop asset management with an objective of **€75bn in new net inflows** by end-2017, mainly generated in international markets; increase Wholesale Banking's net revenues **in international markets by 10%** per year
 - Generate new synergies with Groupe BPCE's retail networks: a further **€400m in net revenues** by end-2017, after more than €400m between 2010 and 2013
- **Business model optimization**
 - Pursue the business model adaptation:
 - Enhance the **Originate-to-Distribute** model in the Wholesale Banking
 - Extend the **multi-boutique** model to asset management in Europe
 - Build the **insurance platform** to serve Groupe BPCE's ambitions
 - Pursue **industrial investments and innovation** in the Specialized Financial Services
 - Costs control and acceleration of the Operational Efficiency Program in order to reduce the global cost-income ratio by **5%**; for the core businesses, we target a level of around **55%** in Wholesale Banking, under **70%** in Investment Solutions and under **64%** in Specialized Financial Services
- **Active capital management allocation**
 - Allocate capital to the three core businesses with the closing of GAPC by mid-2014 and the disposal of Coface during the plan
 - **Reinforce the capital allocated to Investment Solutions** with the setting up of Groupe BPCE's insurance platform (project to acquire BPCE Assurances and roll out of insurance products to the Caisse d'Épargne network from January 1st, 2016) and pursuit of an opportunist policy of external growth in asset management (allocation of €1.5bn of excess capital dedicated to acquisitions over the plan)
 - **Payout ratio ≥ 50%**

BASEL 3 CET1 RATIO FULLY LOADED TARGET BETWEEN 9.5 AND 10.5% BY END-2017 AND LCR ABOVE 100% AS OF JANUARY 2014

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➤ **2017 FINANCIAL STRUCTURE OBJECTIVES**

- **Basel 3 CET1 ratio fully loaded** 9.5 – 10.5%
- **Total capital ratio** ~ 14 – 15%
- **Leverage ratio** > 3%
- **Liquidity Coverage Ratio** > 100% in January 2014

➤ **MAIN 2014-2017 OBJECTIVES BY CORE BUSINESS**

WHOLESALE BANKING

- **Net revenues** - *CAGR* ~ 5%
- **Cost-income ratio** ~ 55%
- **ROE** ~ 12%
- **Risk Weighted Assets** Stable vs. 2013

INVESTMENT SOLUTIONS

Based on organic growth

- **Net revenues** - *CAGR* ~ 7 - 8%
- **AM New net inflows** +€75bn
- **Cost-income ratio** < 70%
- **ROE** > 15%

SPECIALIZED FINANCIAL SERVICES

- **Adjusted Net revenues** - *CAGR* ~ 3 - 4%
- **Cost-income ratio** < 64%
- **ROE** > 16%
- **Risk Weighted Assets** Slight increase vs. 2013

IN ORDER TO ATTAIN THESE MAIN TARGETS, ACTION WILL BE TAKEN IN THE FOLLOWING AREAS:

▪ **OPTIMIZATION OF CAPITAL ALLOCATION**

> The 2013 basis of capital allocated to the three core businesses, Financial Investment and GAPC is as follows:

- ❖ 49% to Wholesale Banking,
- ❖ 25% to Investment Solutions,
- ❖ 11% to Specialized Financial Services,
- ❖ 9% to Financial Investment,
- ❖ 6% to GAPC.

> The objective of the 2014-2017 Strategic Plan is to rebalance and optimize capital allocation in order to increase the relative size of the business lines whose return on allocated capital already exceeds the cost of capital and whose liquidity needs is limited. Optimization will take the following form:

- Closure of GAPC by mid-2014 confirmed,
- Disposal of Coface over the duration of the strategic plan,
- Capital allocated primarily to Investment Solutions' business lines, notably to set up a single platform for Groupe BPCE's insurance activities (project to acquire BPCE Assurances and roll out of insurance products to the Caisse d'Epargne network from January 1st, 2016) and to finance organic growth and targeted acquisitions in asset management,
- Capital allocation stability in the Wholesale Banking,
- Capital allocation limited increase in the Specialized Financial Services.

By the end of the Plan and assuming acquisitions of around €1.5bn in asset management, the objective is to reallocate capital to the core businesses in the following proportions:

- ❖ **50% to Wholesale Banking,**
- ❖ **37% to Investment Solutions, o/w 29% for asset management and 8% for Insurance,**
- ❖ **13% to Specialized Financial Services.**

▪ OPERATIONAL EFFICIENCY AND COST MANAGEMENT

> The Operational Efficiency Program, announced on November 14, 2012, is on track and aims to produce cumulative cost reductions of €300m by end-2014. The program's main measures are:

- A reduction in external expenses (advisors, service-providers, etc.),
- The optimization of industrial processes (IT rationalization and sharing of industrial platforms - Payments and Securities Services, etc.),
- The streamlining of some Wholesale Banking activities.

The program was two thirds complete by end-September 2013, i.e. a cumulative costs reduction of almost €200m. This was particularly reflected in the 4% drop in Wholesale Banking's fixed costs over the first 9 months of 2013 versus the same period in 2012.

Over the first 9 months of 2013, the cost-income ratios were as follows:

- ❖ 69.6% for Natixis (excl. GAPC and FV adjustment on own debt),
- ❖ 56.9% for Wholesale Banking,
- ❖ 74.5% for Investment Solutions,
- ❖ 64.8% for Specialized Financial Services.

> In order to attain its 2017 targets, Natixis announced a further €100m cost reduction plan starting in 2015. The plan involves cutting some 700 jobs, mainly in France, in activities that are not sufficiently profitable. To this end, a restructuring cost of around €100m will be booked in 4Q13.

Once completed, these plans will enable us to meet the following 2017 cost-income ratio objectives:

- ❖ ~ **65% for Natixis,**
- ❖ ~ **55% for Wholesale Banking,**
- ❖ < **70% for Investment Solutions,**
- ❖ < **64% for Specialized Financial Services.**

▪ BUSINESS MODELS ADAPTATION

> WHOLESALE BANKING

Originate-to-Distribute model implementation began in Wholesale Banking at end-2011. Since the start of 2013, the model has entered an industrial phase with the operational setting up of a dedicated organization and the signing of two major partnerships in the distribution of Structured Finance totaling €4bn.

This integrated organization will allow Wholesale Banking to grow by,

- Significantly boosting its origination capacity,
- Generating a higher volume of fees,
- Improving its return on RWA.

The operational rollout of the Originate-to-Distribute model and strict control of the scarce resources consumption over the plan will provide:

- ❖ **Growth in revenues with stable RWA in the period 2014-2017,**
- ❖ **~ 35% in arrangement fees in 2017 structured finance revenues versus 25% currently.**

> INVESTMENT SOLUTIONS

In the Asset Management activities, the model is being transformed in Europe with:

- The move to a more “multi-affiliate” model,
- The reinforcement of the existing coverage of institutional clients,
- The launch of targeted initiatives in the retail segment.

Asset Management’s objective is to become a major European player gathering net new inflows of €22bn over the duration of the Strategic Plan in this area.

The ambition of the Insurance activity is to set up a single platform to serve Groupe BPCE’s networks, which will be achieved through,

- The acquisition projected of BPCE Assurances,
- Rollout of the Insurance offering to Caisse d’Epargne from January 1st, 2016.

Insurance business target is to achieve a 10% CAGR of net revenues during the plan.

▪ DEVELOPMENT OF THE CORE BUSINESSES' FRANCHISES

> WITH GROUPE BPCE'S NETWORKS

Cumulative net revenue synergies generated with Groupe BPCE over the period 2009 to end-September 2013 came to €414m, i.e. above the target of €400m by end-2013.

The ambitions of the 2014-2017 Strategic Plan include pursuit of the rollout of products developed by Natixis to Caisse d'Épargne and Banque Populaire clients,

- Through Specialized Financial Services to attain a market share in France similar to Groupe BPCE's networks current one,
- Through Investment Solutions via the construction of a single Insurance platform, the Asset Management offering adaptation and ongoing development of the Private Banking activity,
- Through tailored solutions developed by Wholesale Banking.

The additional objective for 2014-2017 is to generate a further €400m in revenue synergies with Groupe BPCE's networks, mainly in the Investment Solutions and Specialized Financial Services divisions.

> IN INTERNATIONAL MARKETS

WHOLESALE BANKING

Wholesale Banking has already a solid international base:

- In Market Activities with the debt platform,
- In Structured Finance expertise and EMEA client base,
- With the presence of 40% of its FTEs and the generation of 47% of its net revenues outside France in 2013 (estimated).

The division will continue to develop selectively in international markets with its platforms reinforcement:

- In the Americas (LatAm, Canada, etc.) in its Equity Derivative franchises and Fixed-Income activities,
- In the EMEA zone focusing on Market Activities and Structured Finance,
- In Asia with the rollout of the Originate-to-Distribute model and Trade Finance.

In order to accelerate Wholesale Banking's international development, one of the levers will be to deploy around 50% of its FTEs outside France in 2017.

INVESTMENT SOLUTIONS

Asset Management has a strong international footprint:

- It is the world's 13th-largest asset manager with AuM of €619bn at end-September 2013,
- Half of AuM are located outside Europe,
- Its centralized international distribution platform employs some 650 FTEs,
- Over two thirds of its net revenues was generated outside Europe in the first 9 months of 2013.

The division is pursuing its international expansion with,

- The development of its US platform via an investment in new range of expertise and access to new distribution channels,
- Improved distribution in dynamic areas (Asia, LatAm, Middle East) via organic growth and the setting up of local partnerships,
- An increase in headcount of around 500 FTEs, mainly outside France.

Natixis' objective for 2017 is to generate more than half its revenue in international markets compared with an estimate of 44% in 2014.

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