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Research Update:

French Bank BPCE And Core Subsidiaries 'A+' Ratings Placed On CreditWatch Negative Following Same Action on France

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Overview

- Standard & Poor's placed its 'AAA' unsolicited long-term sovereign rating on the Republic of France on CreditWatch with negative implications on Dec. 5, 2011.
- Consequently, we are placing the 'A+' long-term counterparty credit on French bank BPCE and its core subsidiaries on CreditWatch negative.
- We are also placing the 'A/A-1' long- and short-term ratings on highly strategic subsidiary Crédit Foncier de France (CFF) on CreditWatch negative.
- We are affirming the 'A-1' short-term ratings on BPCE and most of its core subsidiaries.
- We aim to resolve the CreditWatch placement within four weeks after resolving the CreditWatch placement on France.
- The CreditWatch reflects that the possibility that the long-term rating on BPCE and its core subsidiaries could be lowered by one notch to 'A', or it could be affirmed at 'A+'. The 'A/A-1' ratings on CFF could be lowered to 'A-/A-2', or they could be affirmed.

Rating Action

As previously announced on Dec. 7, 2011, Standard & Poor's Ratings Services has placed its 'A+' long-term counterparty credit ratings on French bank BPCE and its core subsidiaries, Natixis S.A., BRED-Banque Populaire, and Compagnie Europeenne de Garanties et Cautions on CreditWatch with negative implications. The long-term issuer ratings on senior unsecured debt were also placed on CreditWatch negative. Standard & Poor's placed the 'A/A-1' long- and short-term ratings on BPCE's "highly strategic" subsidiary Crédit Foncier de France (CFF) on CreditWatch negative. At the same time, the 'A-1' short-term ratings on BPCE and its core subsidiaries (except Compagnie Europeenne de Garanties et Cautions which has no short-term rating), were affirmed. The issue ratings on subordinated debt and junior subordinated debt were also affirmed.

Rationale

The rating actions follow the placement of the 'AAA' unsolicited long-term sovereign rating on the Republic of France on CreditWatch with negative implications on Dec. 5, 2011 (see "France's Unsolicited 'AAA' Long-Term Rating Placed On CreditWatch Negative"). The long-term rating on France could be

lowered by up to two notches.

The CreditWatch negative placement reflects the possibility that we could lower the long-term ratings on BPCE and its core subsidiaries, and the long- and short-term ratings on CFF if we were to downgrade France. Under our criteria, all other factors being equal, if we were to lower the long-term rating on France by one or two notches, we would factor into BPCE's long-term ratings only one notch of uplift for government support, instead of two currently.

Our ratings on BPCE reflect our view of its 'a-' anchor, "strong" business position, "moderate" capital and earnings, "adequate" risk position, "average" funding, and "adequate" liquidity, as our criteria define these terms.

The stand-alone credit profile (SACP) is 'a-'. BPCE's long-term rating is two notches higher than the SACP, reflecting its "high" systemic importance in France and that the French government is "supportive" to its banking sector.

CreditWatch

We intend to resolve the CreditWatch placement on BPCE and its core subsidiaries within four weeks of any associated resolution of the CreditWatch on France.

If the long-term rating on France is lowered by one notch to 'AA+', or two notches to 'AA', we expect to lower the long-term counterparty credit on BPCE and its core subsidiaries by one notch to 'A', and to lower the long-term and short-term ratings on CFF by one notch to 'A-/A-2', in accordance with our criteria. If the long-term rating on France is affirmed at 'AAA', we would likely affirm the 'A+' long-term ratings on BPCE and its core subsidiaries, and the 'A/A-1' ratings on CFF.

Ratings Score Snapshot

Long-Term Issuer Credit Rating	A+/Watch Neg
SACP	a+
Anchor	a-
Business Position	Very strong (+2)
Capital and Earnings	Moderate (-1)
Risk Position	Strong (+1)
Funding and Liquidity	Average and adequate (0)
Support	1
GRE Support	0
Group Support	0
Sovereign Support	1

Additional Factors 0

Related Criteria And Research

- France's Unsolicited 'AAA' Long-Term Rating Placed On CreditWatch Negative , Dec. 5, 2011
- Standard & Poor's Puts Ratings On Eurozone Sovereigns On CreditWatch With Negative Implications, Dec. 5, 2011
- French Bank BPCE And Most Core Subsidiaries 'A+/A-1' Ratings Affirmed On Bank Criteria Change, Nov. 29, 2011
- Banks: Rating Methodology And Assumptions, Nov. 9, 2011
- Banking Industry Country Risk Assessment Methodology And Assumptions, Nov. 9, 2011
- Group Rating Methodology And Assumptions, Nov. 9, 2011
- Bank Hybrid Capital Methodology And Assumptions, Nov. 1, 2011
- Use Of CreditWatch And Outlooks, Sept. 14, 2009

Ratings List

Long-Term Ratings On CreditWatch Negative

	To	From
BPCE Natixis S.A. Natixis Australia Pty Ltd. Natixis Financial Products LLC BRED-Banque Populaire Counterparty Credit Rating	A+/Watch Neg/A-1	A+/Stable/A-1
Compagnie Europeenne de Garanties et Cautions Counterparty Credit Rating	A+/Watch Neg/--	A+/Stable/--
BPCE Senior Unsecured (47 issues)	A+/Watch Neg	A+
Natixis S.A. Senior Unsecured (33 issues)	A+/Watch Neg	A+

Long-Term And Short-Term Ratings On CreditWatch Negative

Credit Foncier de France Locindus S.A. Counterparty Credit Rating	A/Watch Neg/A-1	A/Stable/A-1
Credit Foncier de France Senior Unsecured (4 issues) Certificate Of Deposit (1 issue)	A/Watch Neg A/Watch Neg/A-1	A A/A-1

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Locindus S.A.		
Senior Unsecured (2 issues)	A/Watch Neg	A
Certificate Of Deposit (1 issue)	A/Watch Neg/A-1	A/A-1

Ratings Affirmed

BPCE

Natixis S.A.

Natixis Australia Pty Ltd.

Natixis Financial Products LLC

BRED-Banque Populaire

Counterparty credit rating	A-1
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BPCE

Certificate Of Deposit (1 issue)	A-1
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Commercial Paper (2 issues)	A-1
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Subordinated (4 issues)	BBB+
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Junior Subordinated* (13 issues)	BBB-
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* Deeply subordinated debt

BRED-Banque Populaire

Certificate Of Deposit (1 issue)	A-1
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Natexis Banques Populaires Capital Trust III

Preferred Stock (1 issue)	BBB
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Natixis Funding S.A.

Certificate Of Deposit (1 issue)	A-1
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Natixis S.A.

Certificate Of Deposit (1 issue)	A-1
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Commercial Paper (1 issue)	A-1
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Subordinated (14 issues)	BBB+
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Junior Subordinated* (4 issues)	BBB-
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* Deeply subordinated debt

Natixis U.S. Finance Co. LLC

Commercial Paper (1 issue)	A-1
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NB. This list does not include all ratings affected.

Additional Contact:

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