

**FIRST SUPPLEMENT DATED 12 OCTOBER 2006  
TO THE BASE PROSPECTUS DATED 15 SEPTEMBER 2006**



**CAISSE NATIONALE DES CAISSES D'ÉPARGNE ET DE PRÉVOYANCE**

Euro 25,000,000,000  
Euro Medium Term Note Programme  
for the issue of Notes

Due from one month from the date of original issue

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This first Prospectus Supplement (the “**First Supplement**”) is supplemental to and must be read in conjunction with the Base Prospectus dated 15 September 2006 (the “**Base Prospectus**”), prepared in relation to the €25,000,000,000 Euro Medium Term Note Programme of Caisse Nationale des Caisses d'Épargne et de Prévoyance (the “**Issuer**”).

On 15 September 2006, the *Commission de Surveillance du Secteur Financier* (the “**CSSF**”) approved the Base Prospectus as a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC (the “**Prospectus Directive**”) and Article 8.4 of the Luxembourg Law on prospectuses for securities dated 10 July 2005 (the “**Luxembourg Law**”).

Terms defined in the Base Prospectus have the same meaning when used in this First Supplement.

To the best knowledge of the Issuer (having taken all reasonable care to ensure that such is the case), the information contained in the First Supplement is in accordance with the facts and contains no omission likely to affect its import. The Issuer accepts responsibility accordingly.

This First Supplement has been prepared pursuant to Article 16 of Prospectus Directive and Article 13 of Luxembourg Law for the following purposes:

- 1) Insertion of a press release relating to the Interim results of the issuer for the first half of 2006 published by the Issuer on 29 September 2006 (the “**Press Release**”) which is reproduced in point 1 “Interim Results for the first half year 2006” below;
- 2) Update of the "Corporate Governance of the Issuer" section on page 68 of the Base Prospectus with the insertion of a press release published by the Issuer on 29 September 2006 inserted under point 2 “Corporate Governance of the Issuer” below;

Save as disclosed in this First Supplement, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus since the publication of the Base Prospectus.

## **1) INTERIM RESULTS FOR THE FIRST HALF YEAR 2006**

The following is the wording from a press release issued by the Issuer on 29 September 2006 in relation to the Interim results of the Issuer for the first half of 2006:

**(Paris, September 29, 2006) --- The results published by Groupe Caisse d'Epargne for the first half of 2006 – the first based on IFRS criteria – and presented today to the Supervisory Board of the Caisse Nationale des Caisses d'Epargne (CNCE), show a sharp improvement over the same period last year. Consolidated net income is up 37% to reach a total of €1.2bn.**

The highlight of the first six months of 2006 was the announcement of plans to merge the corporate and investment banking and the financial services activities of Groupe Caisse d'Epargne with those of Groupe Banque Populaire. While respecting a particularly tight timetable for the preparatory work leading up to the creation of its new joint subsidiary, NATIXIS, Groupe Caisse d'Epargne has also demonstrated commercial dynamism in all its market segments and significantly improved its financial results.

By publishing, for the first time, its consolidated financial statements in accordance with IFRS, Groupe Caisse d'Epargne is one year ahead of the regulatory deadline fixed by the European Parliament. The consolidated accounts at June 30, 2005 and December 31, 2005 have been restated in line with these new international financial reporting standards.

### **Financial results**

<i>(in millions of euros)</i>	1 <sup>st</sup> half 2005	1 <sup>st</sup> half 2006	% Change 1 <sup>st</sup> half 2006/1 <sup>st</sup> half 2005
<i>Net banking income</i>	4,984	5,715	+ 15%
<b>Gross operating income</b>	1,146	1,706	+ 49%
<b>Income before tax</b>	1,233	1,799	+ 46%
<b>Consolidated net income</b>	853	1,170	+ 37%

	Dec. 31, 2005	June 30, 2006	% Change June 30, 06/Dec. 31, 05
<b>Consolidated capital funds (in €bn)</b>	20.0	20.9	+ 4.8%
<b>Return on equity</b>	10.3%	12.5%	+ 2.2 pts

### **The Group**

Net banking income generated by Groupe Caisse d'Epargne (GCE) during the first half of 2006 reached a total of €5.7bn, up 15% compared with the first six months of 2005. Despite an intensely competitive environment, the net banking income of the Commercial Banking division rose 9% to reach €3.9bn. The results of the Investment Banking division driven, in particular, by more bullish equity markets, stood at €1.8bn, equal to growth of 36%.

Boosted by this substantial increase in net banking income and by a tight control over operating expenses (+ 5%), gross operating income rose by a massive 49% to a total of €1.7bn. Thanks to these positive results, the bank's operating efficiency ratio has improved by 6.9 points and now stands at

70.1% (– 3.9 points if 2005 expenses<sup>1</sup>, posted to exceptional income under French accounting standards, are excluded). In the individual Caisses d'Epargne, the operating efficiency ratio continues to improve and now stands at less than 65%.

The low-risk profile of the Group's activities and its extremely limited loss experience has allowed it to reduce net allocations to provisions to €46m, down from €76m in the first half of 2005.

Consolidated net income exceeded the one billion euro mark during the first half of the year, reaching a total of €1.2bn, up 37%.

Consolidated capital funds continued to grow and stood at €20.9bn at June 30, 2006 (+ 4.8% since December 31, 2005), further consolidating GCE's financial strength. The Tier One ratio stood at 9.5% at June 30, 2006 and remains one of the highest in the French banking industry.

Return on equity has improved by 2.2 points to reach a total of 12.5%.

The rating agencies have maintained their appraisals of Groupe Caisse d'Epargne at the same level, i.e. Fitch Ratings (AA), Moody's (Aa2) and Standard & Poor's (AA).

### **Commercial Banking**

At the heart of Groupe Caisse d'Epargne's traditional activities, commercial banking business is pursued by the individual Caisses d'Epargne, their specialized subsidiaries along with the sister banking subsidiaries Banque Palatine, OCÉOR, Crédit Foncier, and La Compagnie 1818. The Commercial Banking division is divided into two core businesses: retail banking and the specialist bank for regional development. The latter includes the Group's activities related to business customers, the social economy and social housing movement, local authorities and specialized real estate.

The Group has created two new entities in the real estate market: GCE Habitat and GCE Immobilier designed to consolidate its approach and enhance its efficiency in the area of social housing and real estate services respectively.

What is more, following the merger between the Caisse d'Epargne de Bourgogne and the Caisse d'Epargne de Franche-Comté, the possibility of further tie-ups is currently being examined with a view to pursuing the rationalization of the French savings bank network. These projects concern, firstly, the Caisses d'Epargne de Flandre, du Pas-de-Calais and des Pays du Hainaut and, secondly, the Caisse d'Epargne des Alpes and the Caisse d'Epargne Rhône-Alpes Lyon.

Another highlight of the period was the launch of personal care services with the operational launch of the Séréna platform, a subsidiary of the Caisse d'Epargne, MAIF, MACIF and MGEN groups (identification of service providers, invoicing, etc.). In collaboration with its partner Accor Services, the Group has also started to issue the new Cesu multi-purpose employment services checks designed for the bank's corporate and local authority customers.

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<sup>1</sup> €149m allocation to the provision for the pension liabilities of the retirement fund, intended to anticipate the change of the fund's status into that of a welfare organisation.

## Commercial Banking: key figures

<i>in millions of euros</i>	1 <sup>st</sup> half 2005	1 <sup>st</sup> half 2006	% Change 1 <sup>st</sup> half 2006/1 <sup>st</sup> half 2005
<b>Net banking income</b>	3,537	3,851	+ 9%
<b>Gross operating income</b>	889	1,134	+ 28%
<b>Income before tax</b>	967	1,200	+ 24%
<b>Consolidated net income</b>	730	846	+ 16%

<i>in billions of euros</i>	Dec. 31, 2005	June 30, 2006	% Change June 30, 06/Dec. 31, 05
<b>Loans outstanding</b>	174.3	186.1	+ 7%
<b>Investment and liquid savings</b>	308.8	316.4	+ 2.5%

The Commercial Banking division generated net banking income of €3.9bn, up 9%, reflecting the intrinsic dynamism and quality of the network, which has taken full advantage of the commercial policies implemented during the period (interest paid on current accounts, expansion of the product range, etc.). Commissions have increased by 5% owing to the continued strong development of life insurance and the greater number of banking services subscribed to by customers, while commissions on savings products are affected by the decline in the commission rates paid on *Livret A* passbook accounts. The Group is actively pursuing its diversification policy. *Livret A* passbook accounts represented 5.7% of the Group's net banking income at June 30, 2006, compared with 7.3% at June 30, 2005. The net interest margin and other items included in net banking income have risen by 12%, but are subject to greater volatility owing to the application of IFRS.

New loan production put up an excellent performance, achieving growth of 22% compared with the first half of 2005. Aggregate loans outstanding rose 7% during the first six months of the year to reach a total of €186.1bn (with all types of loans sharing in this increase).

Savings deposits rose 2.5% to reach a total of €316.4bn. Investment savings enjoyed 6% growth during the period, benefiting from the fine performance achieved by life insurance (+ 7%). Liquid savings saw a slight increase.

Reflecting this fine commercial performance, gross operating income rose 28%, to reach a total of €1.1bn, thanks to an extremely favorable squeeze on operating expenses, whose growth was kept under close control. The operating efficiency ratio has improved by 4.3 points and now stands at 70.6%.

Net income stands at €846m, equal to growth of 16%.

### **Investment Banking**

With an extremely positive first half of the year, the Investment Banking division – capital markets and financing, asset management, custodial services and financial guaranty – enjoyed growth in each of its core business activities.

Net banking income generated by the Investment Banking division stands at €1.8bn (+ 36%) thanks, in particular, to the fine performance achieved by the capital markets and financing business line.

Gross operating income stands at €680m (+ 49%), the result of a determined growth policy. The number of employees has risen by 17% in the space of one year, (representing more than 800 employees). The division's operating efficiency ratio stands at 62.6% (- 3.3 points). All in all, net income has risen by 58% to reach a total of €447m.

### Investment Banking: key figures

<i>in millions of euros</i>	1 <sup>st</sup> half 2005	1 <sup>st</sup> half 2006	% Change 1 <sup>st</sup> half 2006/1 <sup>st</sup> half 2005
<i>Net banking income</i>	1,333	1,817	+ 36%
<b>Gross operating income</b>	455	680	+ 49%
<b>Income before tax</b>	449	708	+ 58%
<b>Consolidated net income</b>	283	447	+ 58%

<i>in billions of euros</i>	Dec 31, 2005	June 30, 2006	% Change June 30, 06/Dec. 31, 05
<b>Assets under management</b>	432.6	440.9	+ 5%*
<b>Assets under custody</b>	1 547	1 696	+ 10%

\* At constant exchange rates

In the areas of capital markets and financing operations, IXIS Corporate & Investment Bank (IXIS CIB) continued to develop its activities by intensifying its presence in the international market. IXIS CIB generated a record net banking income figure of €1bn, equal to a 43% increase during the period. This extremely strong growth was driven by extremely buoyant fixed income and lending activities, and a substantial improvement in the equity derivatives business (+ 56%). The tight management of general operating expenses led to a 5.1-point improvement in the operating efficiency ratio, which now stands at 56.3%. Net income stands at €286m, up by a total of 62%.

With respect to asset management, IXIS Asset Management Group continued its strong 2005 performance with net banking income of €663m (+ 25%) against a background of intense commercial activity both in Europe and in the United States. This activity, in France, shares the success enjoyed by life insurance while it benefits in North America from the strong performance of its subsidiary Loomis Sayles.

Aggregate funds managed by IXIS AM Group now stand at €440.9bn, reinforcing the subsidiary's status as a benchmark player both in France and in the international market. Over the past six months, growth averages out at + 2%, penalized by an unfavorable dollar/euro exchange rate: at constant exchange rates, however, growth stands at + 5%. Almost 40% of the assets are managed in the United States.

Gross operating income stands at €185m (+ 23%); net income is up 43%, at €123m.

CACEIS, a Caisse d'Épargne-Crédit Agricole joint venture specializing in asset custody and services for institutional investors, is continuing to rationalize its structures with the creation of CACEIS Fastnet, a company derived from the merger between IXIS Fund Administration and Fastnet France (Crédit Agricole Group).

CACEIS ended the first half of 2006 with net banking income of €236m and net income of €50m (of which CNCE receives 50%). At June 30, 2006, assets under custody stood at €1,696bn (+ 10% compared with December 2005), making CACEIS the top ranking player in the French market and one of the largest depository banks worldwide.

Lastly, the financial guaranty business (CIFG) is continuing its ongoing development with 33% growth in outstanding guaranties to a total of \$57bn. Net banking income rose to €36m (+ 63%), and net income amounts to €13m.

## CNCE (consolidated accounts)

The Caisse Nationale des Caisses d'Épargne, the central institution, holding company and banker to the Group, consolidates 20% of the results of the Caisses d'Épargne in its accounts in the form of cooperative investment certificates (CICs), accounted for by the equity method. It reports a 26% increase in its consolidated net banking income, which stands at €2.7bn. Net income amounts to €757m, representing growth of 25%.

The financial strength of the CNCE is confirmed, with Tier One shareholders equity of €13.6bn and a capital adequacy ratio of 183%.

### **CNCE: key figures**

<i>In millions of euros</i>	1 <sup>st</sup> half 2005	1 <sup>st</sup> half 2006	% Change 1 <sup>st</sup> half 2006/1 <sup>st</sup> half 2005
<i>Net banking income</i>	2,189	2,750	+ 26%
<b>Gross operating income</b>	518	754	+ 46%
<b>Income before tax</b>	772	1,082	+ 40%
<b>Consolidated net income</b>	607	757	+ 25%

## Conclusion

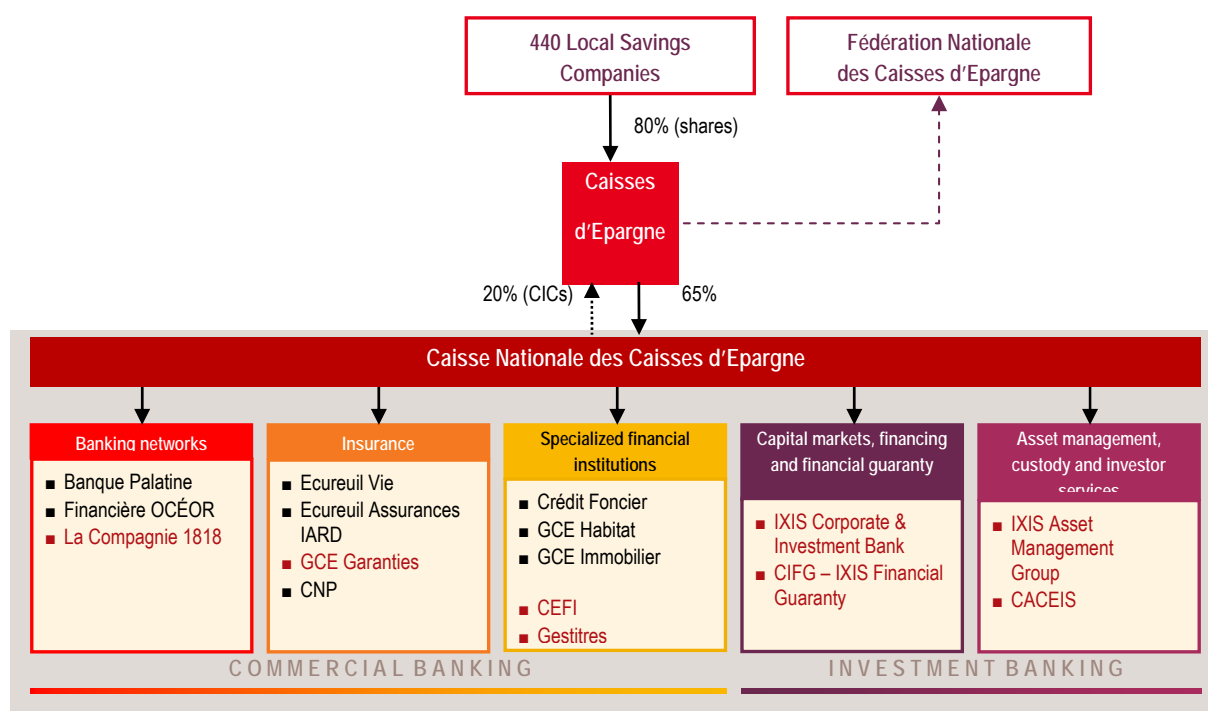
These results – which correspond to the forecasts contained in the strategic plan adopted by Groupe Caisse d'Épargne – testify to the constant drive to enhance its commercial and financial performance. The Group continues to boast a particularly robust financial profile while it has simultaneously focused on significantly improving its operating efficiency ratio along with all its key financial subtotals. It now holds all the winning cards it needs to proceed with the next, vital step in its development: the creation of NATIXIS. In pursuit of its vocation to play a leading role in the consolidation of the banking industry in Europe, Groupe Caisse d'Épargne will possess, at the end of this year, the means it needs to realize its ambitions with the creation of a powerful new corporate and investment banking institution, offering asset management and other financial services and providing the Group with optimized access to the financial markets. *“With sharp growth in its half-year results and the NATIXIS project proceeding according to schedule, the Group is well on its way to bringing its ambitious project to a successful conclusion, i.e. to have by the end of this year a powerful listed vehicle boasting a presence in the international arena,”* said Charles Milhaud, Chairman of the Management Board of the CNCE. *“Groupe Caisse d'Épargne produced particularly impressive results during the first half of this year. Above and beyond this performance, however, the network of French savings banks and, more generally, our entire Group will benefit from the emergence of a front-ranking international player specializing in investment banking and financial services, thanks to our NATIXIS project”*, declared Jacques Mouton, speaking on behalf of the Supervisory Board in his capacity as Chairman.

## APPENDICES

### Key figures of the Caisses d'Epargne

Aggregate results <i>in millions of euros</i>	1 <sup>st</sup> half 2005	1 <sup>st</sup> half 2006	% Change 1 <sup>st</sup> half 2006/1 <sup>st</sup> half 2005
Net banking income	3,073	3,266	+ 6%
Gross operating income	926	1,257	+ 36%
Income before tax	856	1,219	+ 42%
Net income	638	933	+ 46%

### Groupe Caisse d'Epargne: simplified organization chart



*The subsidiaries shown in red are those forming part of the NATIXIS project*

## **2) Corporate Governance of the Issuer**

### **Press release dated September 29, 2006**

**(Paris, September 29, 2006) --- On a proposal from Charles Milhaud, Chairman of the Management Board of the Caisse Nationale des Caisses d'Epargne (CNCE), the Supervisory Board, at a meeting convened today, appointed Nicolas Mérindol to the position of Chief Operating Officer.**

The organization of the Management Board corresponds to the new dimension that Groupe Caisse d'Epargne (GCE) first acquired a number of years ago, a process of transformation that the Group is still pursuing today with the creation of NATIXIS, explained Charles Milhaud and Jacques Mouton, Chairman of the Supervisory Board of the CNCE. Indeed, the NATIXIS project implies the reorganization of the Group's operational structures and, more particularly, that of the Management Board of the CNCE in order to take account of the new challenges related to the management and future development of GCE and its subsidiaries.

The Management Board, which will continue to comprise five members, will consequently include, in addition to its Chairman, a Chief Operating Officer in the person of Nicolas Mérindol. Thanks to this central position, he will work alongside Charles Milhaud in ensuring the coherence of the cross-functional activities of the CNCE, and assume responsibility for the projects related to the new structure and development of the Group, notably the management of the NATIXIS project and its relations with the other companies in the French savings bank group.

After the general assembly convened to give official birth to NATIXIS, and within the framework of the developments set in motion by the creation of the new company, Alain Lacroix will join the Management Board of the CNCE. He will assume responsibility for corporate development, a position that Nicolas Mérindol will continue to hold until the date of this assembly.

*Until now in charge of the commercial banking division and corporate strategy on the Management Board of the CNCE, Nicolas Mérindol (45) is also Chairman of the Boards of Crédit Foncier, Banque Palatine, La Compagnie 1818 – Banquiers Privés, etc... In January 2006, he was also appointed Chairman of the European Banking Industry Committee (EBIC). Nicolas Mérindol, who holds degrees from the ISG School of Management and INTEC, the National Institute of Economic and Accounting Techniques, in addition to a diploma as a certified public accountant, joined Groupe Caisse d'Epargne in 1988 after beginning his career at Renault followed by a period of service with the Caisse des Dépôts et consignations. Appointed Finance Director of the Picardy Sorefi (regional finance company) and subsequently a member of the Management Board of the Caisse d'Epargne de Picardie in charge of the Finance and Risks Department, he moved to the Centre National des Caisses d'Epargne in 1996. After serving as Director of the Group's Financial Organisation and, subsequently, of Financial Planning and Group Management Control, he was appointed to the Management Board of the CNCE in 2002, where he was put in charge of banking operations and financial activities before assuming responsibility for the commercial banking division and corporate strategy starting in December 2003.*

*Alain Lacroix (53) has developed his entire career in banking. Having obtained a university diploma (DUT) in business management and a degree from the ITB Technical Institute of Banking, he joined the Crédit Agricole de Moselle where he held various positions of responsibility in sales. He moved to Groupe Caisse d'Epargne in 1990 where he was appointed, in 1991, Manager of the Marketing and Diversified Markets Department of the Caisse d'Epargne des Pays du Hainaut before joining the Caisse d'Epargne de Bourgogne, in 1994, as Director of the network and markets. He was a member of the Management Board of the Caisse d'Epargne du Val de France – Orléanais from 1997 to 2000, and joined the CNCE at this date as Director of Sales Coordination and Planning. Appointed General Manager of Ecureuil Assurances IARD in 2002, he served as Chairman of the Management Board of the Caisse d'Epargne du Pas-de-Calais since 2003.*

Copies of this First Supplement may be obtained without charge from the head office of the Issuer, the Issuer's website ([www.groupe.caisse-epargne.fr](http://www.groupe.caisse-epargne.fr)) and the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).