

BANQUE POPULAIRE GROUP

ROBUST PERFORMANCE IN 2006

AND A NEW DIMENSION SET TO FACILITATE FUTURE EXPANSION

On March 14, 2007, Banque Populaire Group's Board of Directors, chaired by Philippe Dupont, approved the financial statements for the 2006 financial year.

Commenting on the results, Chairman Philippe Dupont said: *"In 2006, the Banque Populaire Group posted a robust set of results in spite of increasingly challenging global conditions, demonstrating its strong positions in the French retail banking sector. This performance confirms the relevance of the strategic choices and the high-quality relationship between employees at the Group's 2,880 branches and their 7 million customers and 3,200,000 member-stakeholders. Thanks to the formation of Natixis in 2006, the Banque Populaire Group has strengthened its position in the investment and corporate banking and service sectors. Our Group is now very well equipped to play an active role in the development of the French and European banking sector."*

The Banque Populaire Group comprises 20 Banques Populaires, i.e. 18 regional Banques Populaires, Casden Banque Populaire and Crédit Coopératif, as well as the Crédit Maritime Mutuel and the mutual guarantee companies. It also owns 34.5% of Natixis' share capital.

Banque Fédérale des Banques Populaires performs the central corporate functions of the Banque Populaire network and Crédit Maritime Mutuel and is also a joint controlling shareholder of Natixis (34.5%), together with Caisse Nationale des Caisses d'Épargne.

With over 2,880 branches and 7,000,000 customers, including 3,200,000 member-stakeholders, the Banque Populaire Group boasts strong positions in the French personal, small business and corporate banking markets.

The highlight of 2006 was the formation on November 17 of Natixis, which gave the Banque Populaire Group a new dimension. Given the significant change in its scope of consolidation, the Banque Populaire Group has prepared pro forma financial statements, in which Natixis is proportionally consolidated (34.5%) in both 2005 and 2006.

The Group's **net banking income (NBI)** increased by 11% to €8,083 million in 2006. All the Group's businesses, i.e. the Banque Populaire banks, its subsidiaries and Natixis, contributed to this increase. The breakdown of revenues between retail and wholesale banking activities was maintained within the new group, with the Banques Populaires' businesses generating 69% of consolidated net banking income.

Natixis' contribution of €2,516 million to the Banque Populaire Group's consolidated NBI rose by 25%, representing almost one-third of total consolidated NBI. Retail banking, through the cooperative certificates of investment (CCIs) and the distribution of Natixis products via the two shareholders' networks, made a significant contribution to Natixis' income.

Operating expenses moved up 11.3% to €5,334 million compared with 2005. The cost/income ratio was 66%, almost stable (increase of 0.2 points) compared with 2005.

Gross operating income advanced by 10.5% to €2,750 million.

Impairment charges and other credit provisions fell by 20.9% to €308 million.

Operating income picked up by 16.3% to €2,442 million, with €782 million attributable to Natixis.

The Group's share of income of associates came to €148 million, up 26% from €117 million in 2005. Tax expense was up 12% at €841 million.

Net income, before deduction of the €51 million attributable to minority interests, amounted to €1,751 million, up 15.2% compared with 2005.

Net income attributable to equity holders of the parent advanced by 14.3% to €1,700 million.

The Banque Populaire Group's statutory income¹ amounted to €3.3 billion, comprising €1.7 billion in recurring income and €1.6 billion in capital gains attributable to the formation of Natixis.

Robust financial position: one of the best solvency ratios in the euro zone.

The Group has again demonstrated the strength of its finances. At December 31, 2006, its total regulatory capital came to €20.4 billion, with Tier one capital amounting to €16.9 billion. Its Tier one solvency ratio stood at 10.5%, one of the highest ratios among euro-zone banks.

KEY CONSOLIDATED FIGURES

Banque Populaire Group (€million)	pro forma 2006	pro forma 2005	% change
Net banking income	8,083	7,280	up 11%
Operating expenses	-5,334	-4,792	up 11.3%
Gross operating income	2,750	2,488	up 10.5%
Impairment charges and other credit provisions	-308	-389	-20.9%
Operating income	2,442	2,099	up 16.3%
Net income attributable to equity holders of the parent	1,700	1,487	up 14.3%

¹ Statutory income is based on the full consolidation of the Natixis Banques Populaires sub-group from January 1 to November 16, 2006 and the proportional consolidation of the Natixis sub-group (based on an ownership percentage of 34.5%) from November 17 to December 31, 2006. All costs, income and net capital gains arising from the formation of Natixis are included in statutory income, whereas they have been eliminated from the pro-forma results.

	2006	2005
Regulatory capital (€billion)	20.4	19.3
Tier One (%)	10.5	8.5

BANQUES POPULAIRES

Robust operating performance: net banking income up 6.1%

The Banque Populaire banks had a good year in 2006. Net banking income for the financial year rose by 6.1% to €5,578 million. Excluding PEL (homebuyers' savings plan) plans, NBI moved up 5.3% to €5,542 million.

Interest income increased by 3.4% thanks to the positive impact of growth of loans in spite of fiercer competition, particularly in home loans, and notwithstanding an unfavorable interest rate environment characterized by a flat yield curve and higher refinancing costs. In the second half, the Group nevertheless recorded a slight increase in lending margins.

Fee and commission income rose by 11% reflecting the Banque Populaire banks' commercial momentum. Of the total fee and commission income, 59% derived from the sale of products and 41% from account administration.

A strategy aimed at signing up more personal customers that is paying off: increase of 2% in customer numbers.

The Banques Populaire banks achieved growth in financial savings, particularly in life insurance, a segment in which revenues increased by 28%, a superior performance to the market at large (growth of 20%). Savings under management rose by 9.3% to €65 billion. In parallel, growth in bank savings was again very brisk across all the Group's component businesses.

In non-life insurance, the Banque Populaire banks signed 150,000 new contracts in 2006. With market share of 7.5%, the Group is already above its natural market share of 7% of personal customers.

In electronic banking, the Banques Populaire banks added new products and services for customers right across the board. This was demonstrated by the success of Visa Premier cards among high-end customers and the small business and corporate offerings, a market in which the Group holds a leadership position. This performance was again driven by innovation. The Group was the first bank in France to offer an affinity card with the launch of the "Banque Populaire Football Card", of which 35,000 have already been sold.

Confirmation of solid progress in the small business and corporate banking markets

The Banque Populaire banks again demonstrated during 2006 the solid commercial platform they have built in the French small business and corporate banking market. The Group confirmed its position as leader in the distribution of business start-up loans, with market share of 31%.

More generally, loans to small businesses and corporate customers increased by 12.9%, owing notably to the success of loans granted in conjunction with SOCAMA and the European Investment Fund (EIF). The Banque Populaire Group was the number one contributor in Europe to the EIF program.

The Group also confirmed its leadership in the franchise sector, with a penetration rate of 50% among franchisors.

In 2006, the Group entered into new partnerships, notably with *Mutuelle Des Etudiants* (LMDE), the principal student mutual insurance company, as well as with the *Ordre des Masseurs Kinésithérapeutes* (Physiotherapists association), thereby reinforcing its positions in the self-employed professionals segment, which will provide fertile ground for expansion going forward.

One of the lowest cost/income ratios in the retail banking sector

Operating expenses increased by 6.3% to €3,531 million. Costs were impacted by non-recurring charges deriving notably from the merger of the banks and major IT upgrades, now nearing completion.

Excluding these exceptional items, operating expenses rose by 4.7%, reflecting further major investments in real estate linked to the opening of 77 new branches to support the Group's business momentum, and in IT equipment. Despite further investment in improving customer relationship management (CRM systems, etc.), the ratio of IT costs/NBI dropped and ranks among the best in the market, thanks to the performance of the i-BP platform.

Personnel expenses increased by 4.6% owing both to recruitment in order to expand the network and to a policy of incentive-oriented pay and a staff loyalty program, enabling employees to share in the benefits of our performance, notably through employee incentive and profit-sharing plans.

Gross operating income climbed 5.7% to €2,047 million.

The cost/income ratio stood at 63.7% (excluding the PEL effect), one of the lowest in the French retail banking industry.

Although they decreased, impairment charges and other credit provisions still represent a level of coverage that ranks among the best in the industry, thereby confirming the Group's conservative provisioning policy.

Operating income rose by 11.4% to €1,767 million.

Net income attributable to equity holders of the Banque Populaire banks rose by 9.5% to €1,199 million.

CONSOLIDATED INCOME STATEMENT FOR THE BANQUES POPULAIRES BANKS

Banque Populaire Group (€million)	pro forma 2006	pro forma 2005	% change
Net banking income	5,578	5,257	up 6.1%
Operating expenses	-3,531	-3,321	up 6.3%
Gross operating income	2,047	1,936	up 5.7%
Impairment charges and other credit provisions	-280	-350	down 19.9%
Operating income	1,767	1,587	up 11.4%
Net income attributable to equity holders of the parent	1,199	1,095	up 9.5%

Prospects for growth in France and in international markets during 2007

With the new dimension it acquired in 2006, the Banque Populaire Group has robust fundamentals, enabling to continue pursuing its long-term growth along the strategic course it has plotted for itself.

At the beginning of 2007, the Group acquired a strong strategic position in residential real estate services by purchasing Foncia, a genuine growth driver that will enable it to broaden and retain its customer portfolio.

Furthermore, the Banque Populaire Group plans to continue its strategy of expansion through brisk organic growth by leveraging its network and forging close customer relationships.

The Group will also identify and harness all the growth drivers consistent with its expansion strategy, both in France and in international markets.

Finally, the Group will do everything in its power to facilitate the integration of Natixis and strengthen its position as a major player in the European banking arena.

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The Banque Populaire Group's results are available for download from its website:
[www. banquepopulaire.fr](http://www.banquepopulaire.fr)

Natixis' results are available for download from the following website:
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