

2013 Compensation for employees whose professional activities have a significant impact on Natixis' risk profile

This document was drawn up in accordance with Articles 43.1 and 43.2 of Regulation 97-02 relating to internal controls of credit institutions and investment companies, as amended by the order of 13 December 2010 amending various regulatory provisions relating to the control of compensation for employees who perform activities that may have an impact on the risk profile of credit institutions and investment companies.

Compensation Policy

The compensation policy is a key tool for the implementation of Natixis' strategy. It aims to:

- Provide an incentive and be competitive in order to attract, retain and motivate employees;
- Be fair regardless of the function concerned in order to ensure internal equity for individual performance rewards;
- Comply with applicable regulations in the financial sector.

Natixis' compensation policies and principles are proposed by the Human Resources Department. This policy follows the principles defined by the regulator and French professional banking standards, and complies with local employment, legal and tax laws.

The decision-making process is comprised of several validation stages by the subsidiaries/business lines, divisions, then Natixis Human Resources Department and General Management, and finally the Natixis Appointments and Compensation Committee. In addition, the Natixis Finance Department ensures that the total compensation budget is consistent with Natixis' capacity to consolidate its equity.

The total compensation is broken down into the following components:

Basic compensation which remunerates the skills and expertise expected in the performance of a position. It is determined by taking into account comparable external practices for the given position and internal levels.

Variable compensation depending on the business lines which takes into account external practices and falls within the framework of the rules laid down by the compensation policy.

Collective compensation (employee savings) which is comprised of the following components:

- A component common to all Integrated Natixis employees:
 - A One-Off Profit-Sharing Plan;
 - A Collective Pension Plan;
 - A collective saving Plan
 - An Employee Share Ownership Plan with a capital increase reserved for employees
- A component specific to each company in the scope of Integrated Natixis:
 - A specific Incentive Plan based on each company's strategy.

The compensation package is supplemented by employee benefit measures, in particular in countries with no social security system.

The compensation system for risk control and compliance staff and, in general, support staff and staff tasked with the validation of transactions is based on specific objectives, which is independent of the system for the business lines whose transactions they validate or control. Variable compensation takes into account Natixis' overall performance and market trends.

Compensation surveys are carried out each year by specialised providers in order to evaluate the appropriateness of the compensation policy overall.

Variable compensation of professionals whose professional activities have a significant impact on Natixis' risk profile

1 – Decision-making process implemented to define the company's compensation policy, including the structure and powers of the Appointments and Compensation Committee.

Natixis' compensation policies and principles are proposed by the Human Resources Department in the framework of an overall annual process managed by the General Management.

The Risk department and the Compliance department are consulted in order to obtain their opinion on the definition and implementation of the compensation policy for professionals whose professional activities have a significant impact on the company's risk profile. The General Management accordingly ensures that the principles put forward comply with professional standards and match the risk management objectives.

The General Management passes on its proposals to the Appointments and Compensation Committee which makes sure that the opinions of the risk control and compliance functions are taken into account.

The Natixis Appointments and Compensation Committee were set up by the Board of Directors.

In the 2012 financial year, the Appointments and Compensation Committee had six members, including three independent members.

The Chairman of the Appointments and Compensation Committee throughout the period was Mrs Christel Bories, independent Director, Deputy Chief Executive Officer of IPSEN, (appointment by the Board of Directors of Natixis on 28 January 2013).

Moreover, the Appointments and Compensation Committee is composed of:

- Mr Alain Condaminas, Chief Executive Officer of Banque Populaire Occitane ,
- Mr Didier Patault, Chairman of the Executive Board, Caisse d'Epargne Bretagne – Pays de Loire,
- Mr Henri Proglio, Chairman and Chief Executive Officer of EDF,
- Mr Philippe Sueur, Vice-Chairman of the Steering and Supervisory Board of the Caisse d'Epargne Ile de France
- Mr Nicolas de Tavernost, Chairman of the Executive Board of the TV Channel M6 (appointment on August 6, 2013)

The Appointments and Compensation Committee reviews the compensation policy and checks, in particular, based on the report submitted to it by the General Management, that the compensation policy complies with the provisions of Chapter VI, Section IV of Regulation 97-02 and is in line with the principles and provisions of professional standards relating to governance and variable compensation for professionals whose professional activities have a significant impact on the company's risk profile. The current standard specifies the principles and provisions of European Directive CRDIII.

Moreover, the Appointments and Compensation Committee examines the compensation of the Compliance Manager, Permanent Control Manager, Risk Sector Manager and reviews individually the 100 highest remuneration within Natixis.

The Board of Directors decides, based on the proposal by the Appointments and Compensation Committee, the principles of the compensation policy for professionals whose professional activities have a significant impact on the company's risk profile and the compensation of the Compliance Manager, Permanent Control Manager and Risk Sector Manager.

This decision-making process and the principles put forward are documented for audit purposes.

2 – Features of the compensation policy for professionals whose professional activities have a significant impact on Natixis' risk profile

The compensation policy for professionals whose professional activities have a significant impact on Natixis' risk profile falls within the framework of Natixis' compensation policy process.

The variable component of the compensation is evaluated based on the achievement of financial objectives (e.g., level of achievement of the budget) and strategic objectives (e.g., cross-selling development). It also takes into account the competition's practices.

The individual award takes into account the following points:

- level of achievement of the set (quantitative and qualitative) objectives;
- compliance with the rules laid down by the Compliance department;
- compliance with the rules laid down by the Risk department;
- managerial behaviour;
- etc.

The criteria selected by the Compliance department and the Risk department are first passed on to the Appointments and Compensation Committee. Non-compliance with the applicable rules and procedures, or established breaches of the code of conduct and ethics result in a reduction, or indeed withdrawal of the variable compensation.

In accordance with the Board of Directors' decision of February 19, 2014, based on the Appointments and Compensation Committee's opinion, the following principles were laid down:

Scope of the regulated population

Since the year 2010, and in accordance with the provisions of Regulation 97-02, the scope of employees subject to specific regulations had been defined to cover all staff whose professional activities potentially have a significant impact on the bank's risk profile (including persons performing a control function).

The methodology to determine the scope of the regulated population involved an identification by activity and then by position, by selecting employees who have a significant impact within these activities.

In 2013, the identification process of the regulated population Material Risk takers was clarified, with the release of the CRDIV Directive as well as the criteria defined by the EBA in its Regulatory Technical Standards.

Natixis has therefore decided to review the scope of its regulated population accordingly.

The previous interpretation of the Directive by Natixis led the Bank to retain a perimeter for the regulated population (mainly in the Wholesale Banking) significantly larger than those used by most of its European competitors: Among the 721 employees identified as MRTs in 2012, only 31 % had a level of variable compensation triggering the application of all rules (deferrals, partial payment in shares or equivalent, performance conditions).

Consequently, to define the MRTs' perimeter in 2013, Natixis focused on employees whose activities individually and actually may have a significant impact on the risk profile of the company, identifying them according to their level of responsibility, risk-taking and compensation.

In parallel to this approach (MRT in "Material risk" activities), Natixis identified the profiles with a significant impact on the bank's risk profile (members of Natixis' Management Committee, members of Wholesale Banking's Executive Committee and GAPC). Control functions (Natixis' Risk Director, Compliance Director and Audit Director) are also included in the regulated population.

For the year 2013, the regulated population included 218 employees, out of which approximately 75% have a level of variable compensation triggering the application of all rules (deferrals, partial payment in the form of shares or equivalent, performance conditions ...) .

Finally, Natixis continues to apply to the employees of the Whole Banking, GAPC and support functions variable compensation's schemes similar to those applied to MRTs (ie variable remuneration partly deferred over 3 years and partial payment in shares or equivalent), with the exception of the performance condition. In 2013, 217 "non MRT" employees were impacted by those schemes.

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All provisions in place on 2013 will be adjusted in 2014 to reflect the final version of the Technical Standards as well as the transposing the directive into French law CRDIV.

All of the companies in Natixis falling within the scope of Regulation 97-02 relating to Credit Institutions and Investment companies are affected on a consolidated basis.

Ban on guaranteed variable compensation

Guaranteed variable compensation is not authorised except when hiring outside BPCE Group. In this case, the guarantee is strictly limited to one year.

Proportionality principle

The application of the proportionality principle as laid down in the first paragraph of Article 31-4 of Regulation 97-02 may require some rules relating to the payment of variable compensation to be adapted for some employees or all employees in order to take the following into account:

- The specific nature of their activities and the lowest impact of said activities on the consolidated risk;
- The lowest level of longevity in the position or responsibility of these employees and their individual impact on the company's risk profile, the amount and structure of their compensation;
- Where applicable, the level of control exercised in the scope of a group by a parent company over its subsidiaries, in particular with regard to risk control.

Principle of the deferred and conditional payment of a portion of the variable compensation

The payment of a portion of the variable compensation awarded for a financial year is deferred over time and is conditional. This payment, regardless of the form thereof, is staggered over the three financial years following the year in which the variable compensation is awarded.

Amount of deferred variable compensation

Deferred variable compensation represents at least 40% of the variable compensation of professionals forming part of the regulated population and 70% of the highest variable compensation.

Share-based or similar instrument-based payments

Variable compensation awarded in the form of shares or similar instruments represent 50% of variable compensation awarded to professionals forming part of the regulated population. This rule applies to both the deferred and conditional component of the variable compensation and the immediately earned portion of the variable compensation.

Share-based instruments ("indexed cash on Natixis shares") are held for a period of six months. The deferred portion in Natixis shares complies with the conditions defined by Articles L.225-197-1 *et seq.* of the Commercial Code, which provides for a minimum two-year holding period.

Shares or similar instruments awarded as part of the immediately earned portion of the variable compensation are not subject to the malus rule.

Application of the malus

The acquisition or payment of the deferred component of the variable compensation, irrespective of the form thereof, is subject to compliance with conditions depending on criteria linked to the earnings of the company, activity or business line and, where applicable, individual criteria and a condition of presence. These conditions are defined in a precise and explicit manner when this compensation is awarded.

Ban on hedging

The use of individual hedging or insurance strategies with regard to compensation or liability which limit the scope of the alignment measures over the risks contained in their compensation packages is not authorised.

Therefore, the variable compensation policy for the 2013 financial year, which is applicable on January 1, 2014, complies with all principles laid down by European Directive CRDIII, transposed in French law by the order of 13 December 2010 amending Regulation 97-02.

3 – Consolidated quantitative data on compensation for professionals whose professional activities have a significant impact on Natixis' risk profile

3.1. Compensation awarded for the 2013 financial year (amounts in €M excluding employer social charges)

Activities	Number of persons affected	Total Compensation	Total amount of the basic component	Total amount of the variable component
Executive Body ⁽¹⁾	12	13.0	4.9	8.1
Wholesale Banking	181	85.4	34.7	50.7
Run-off activities (GA PC)	7	4.1	1.1	3.0
Other Activities ⁽²⁾	18	5.8	3.6	2.2
TOTAL	218	108.3	44.3	64.0

(1) In 2014 as in 2013, the members of Natixis General Management Committee and the Managers of the Control Functions are declared.

(2) Natixis identified employees having a significant impact on the bank's risk profile within Support Functions, Investment Solutions and Specialized Financial Services.

Activities	Amounts earned, paid or delivered	Conditional deferred amounts ⁽³⁾
Executive Body ⁽¹⁾	1.4	6.7
Wholesale Banking	14.7	36.0
Run-off activities (GA PC)	0.7	2.3
Other Activities ⁽²⁾	1.0	1.2
TOTAL	17.8	46.2

(1) In 2014 as in 2013, the members of Natixis General Management Committee and the Managers of the Control Functions are declared.

(2) Natixis identified employees having a significant impact on the bank's risk profile within Support Functions, Investment Solutions and Specialized Financial Services.

(3) Payable between October 2014 and October 2017 (o/w 14.6€M payable in October 2014).

Activities	Cash payments	Share-based or similar instrument-based payments
Executive Body ⁽¹⁾	4.1	4.0
Wholesale Banking	26.8	23.9
Run-off activities (GA PC)	1.5	1.5
Other Activities ⁽²⁾	1.3	0.9
TOTAL	33.7	30.3

(1) In 2014 as in 2013, the members of Natixis General Management Committee and the Managers of the Control Functions are declared

(2) Natixis identified employees having a significant impact on the bank's risk profile within Support Functions, Investment Solutions and Specialized Financial Services.

3.2. Variable compensation in-progress (amounts in €M excluding employer social charges)

Amounts of unvested deferred compensation for the financial year	Amounts of unvested deferred compensation for previous financial year ⁽⁴⁾
46.2	34.5

(4)

- Unvested deferred amounts for the 2010 financial year, due in September 2014 (presence condition)
- Unvested deferred amounts for the 2011 financial year, due in October 2014 (presence condition) and in 2015
- Unvested deferred amounts for the 2012 financial year, due in October 2014 (presence condition), in 2015 and 2016.

3.3. Deferred variable compensation paid or reduced on account of the earnings for the financial year (amounts in €M excluding employer social charges)

	Amounts of deferred compensation paid	Amounts of reductions applied to deferred compensation
2013 Plan for the year 2012	19.1 ⁽⁵⁾	-
2012 Plan for the year 2011	7.5	-
2011 Plan for the year 2010	10.2	-

(5) Included 12.4 million Euros paid in September 2013 for the Plan 2013.

3.4. Amounts paid in relation to hiring and dismissal in the financial year (amounts in €M excluding employer social charges)

Amounts of severance payments awarded and number of beneficiaries		Amounts of payments paid on hiring and number of beneficiaries	
Amounts paid	Number of beneficiaries	Amounts paid	Number of beneficiaries
9,5	25	1.3	8

3.5. Guaranteed severance payments (amounts in €M excluding employer social charges)

Guaranteed severance payments awarded in the financial year		
Total amount	Number of beneficiaries	Highest guaranteed payment
-	-	-