

Remuneration policies and practices report

2018 financial year

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This report is produced in order to comply with regulatory provisions of Article 450 of EU Regulation 575/2013 of 26 June 2013 on prudential requirements for credit institutions and investment firms.

Natixis' remuneration policy is a key factor in implementing its corporate strategy.

It targets competitive compensation levels with respect to its reference markets and is structured to encourage long-term employee commitment.

It reflects the individual as well as the collective performance of its business lines and employees, while ensuring not to be a source of conflicts of interest between employees and clients, and promoting behavior in keeping with Natixis' culture, the rules of conduct and good practices.

1. General principles applicable to all Natixis employees

Natixis' remuneration policy is intended to offer competitive compensation levels with respect to its reference markets. Natixis regularly compares its practices to those of other banking organizations in France and on the international stage in order to ensure that its remuneration policy remains competitive and appropriate for each of its business lines.

The overall compensation of Natixis employees is structured around the following three components:

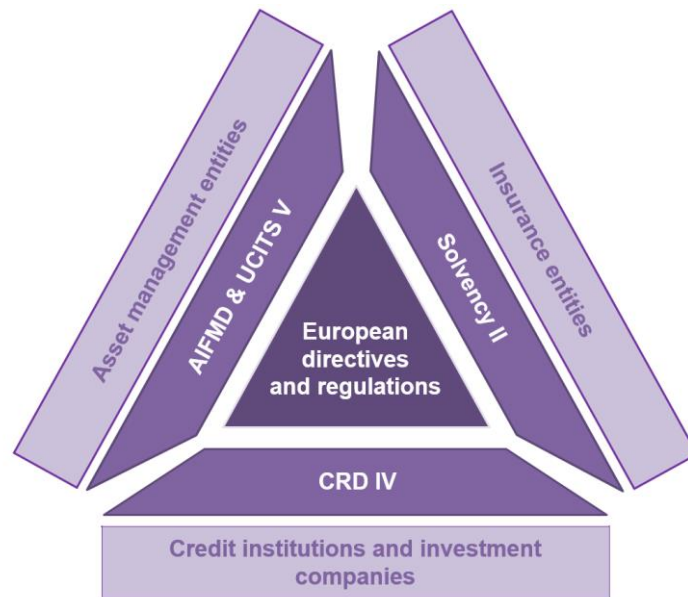
- **fixed compensation** which reflects the expected skills, responsibilities and expertise for a particular position, and the position's role and weight within the organization. It is determined in accordance with the specific features of each business line in its local market;
- **annual variable compensation**, awarded based on the results of the activity and the achievement of predetermined quantitative and qualitative objectives;
- **collective variable compensation** associated with employee savings

schemes, particularly in France (mandatory profit-sharing and optional collective incentive plan).

All employees benefit from some or all of these different components based on their responsibilities, skills and performance. Natixis ensures a sufficient level of fixed pay to compensate its employees for their professional activities, based on their seniority and expertise.

Natixis' remuneration policy is in strict compliance with the regulatory framework applicable to its different business sectors, in particular with a European regulatory corpus composed of regulations, directives and their transpositions into national law:

- ✓ For credit institutions and investment companies: all the texts included in the "CRD IV" package;
- ✓ For asset management and private equity entities: the AIFMD and UCITS regulations and related texts;
- ✓ For insurance entities: the Solvency II regulation.



This framework based on areas of activity is complemented by regulatory instruments, in particular the French Separation Law no. 2013-672 on the Separation and Regulation of Banking Activities ("SRAB"), Section 619 of the U.S. Dodd- Frank Wall Street Reform and Consumer Protection Act (the "Volcker Rule") and the European MIFID directive.

Natixis incorporates the rules and principles defined in these various regulations into its remuneration policy and practices, in the aspects relating to governance, transparency, definition of variable compensation envelopes and individual allocations.

2. Governance of the remuneration policy

2.1. Principles and process of governance

The corporate governance set up by Natixis provides for an exhaustive review of its compensation policies and ensures compliance with the implementation of guidelines. Developed by the Human Resources Department in collaboration with the business lines, the remuneration policy is compliant with the principles defined by the regulators, while also observing the applicable social and tax laws in the countries where Natixis operates.

The decision-making process involves multiple stages of approval by subsidiaries and business lines, activity hubs, human resources management, general management, and lastly the Board of Directors on the recommendation of the Compensation Committee.

The variable compensation envelopes are defined according to annual economic performance of activities after integrating the cost of risk, liquidity and capital, and verifying the adequacy of the decisions made with regard to Natixis' ability to fulfill its regulatory obligations in terms of equity capital. When defining overall compensation envelopes and their distribution by activity, the economic factors mentioned above are taken into account, along with other qualitative analysis factors, including the practices of competing companies, the general market conditions in which the results were obtained, factors liable to have temporarily affected the performance of the business line or stage of development of the related business lines.

Individual variable compensation awards are based on the achievement of individual quantitative and qualitative objectives set at the start of the year. As regards regulated persons and front-office employees working in market activities, the individual objectives systematically include obligations in terms of adherence to risk and compliance rules.

The remuneration policy for risk control and compliance staff, and more generally for supporting staff and personnel responsible for validating transactions, is based on their own targets, independently of the business lines whose operations they validate or verify.

The Risk and Compliance divisions' management teams are involved in the process of identifying regulated employees and in setting the specific annual risk and compliance

objectives applied to regulated persons, front-office market activities employees, and employees addressed in French Law no. 2013-672 on the Separation and Regulation of Banking Activities ("SRAB") and Section 619 of the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Volcker Rule").

The managers of the Risk and Compliance divisions are also involved in any decisions to reduce or cancel deferred variable compensation components during the vesting period, in the event of behavior liable to expose Natixis to an unusual and material risk.

Every year, the remuneration policy is reviewed independently by the Internal Audit department and externally by the supervisory authorities.

2.2. Composition and role of the Natixis Compensation Committee

During the 2018 financial year, the Compensation Committee was composed of five members.

As of March 1, 2019, those members were as follows:

Nicolas de Tavernost	Chairman
Alain Condaminas	Member
Christophe Pinault	Member
Anne Lalou	Member
Henri Proglio	Member

Three of the five members are independent, Anne Lalou, Henri Proglio and Nicolas de Tavernost who is the Chairman of the Compensation Committee.

Changes in the membership of the Compensation Committee during 2018.

Director	Date of change	Replaced by
Alain Denizot <i>Member</i>	12.20.2018	Christophe Pinault

There have been no changes in the membership of the Compensation Committee since the start of the 2019 financial year.

The role of Natixis' Compensation Committee is to prepare the decisions that Natixis' Board of Directors makes with regard to compensation, particularly Natixis employees who have a

significant impact on the company's risks. The Compensation Committee's powers and operating procedures are detailed in its Internal Rules, the latest version of which was approved on February 9, 2017 by the Board of Directors.

The Compensation Committee is responsible for submitting proposals to Natixis' Board of Directors concerning:

- the level and terms of compensation of the Chairman of Natixis' Board of Directors and of the CEO;
- the rules on the distribution of directors' fees to Natixis directors and the total amount subject to the decision of the Natixis General Meeting;
- the annual review of Natixis' remuneration policy, and specifically, in accordance with the CRD IV regulation, the remuneration policy applied to categories of staff whose professional activities are likely to have a material impact on the risk profile of Natixis.

The Compensation Committee reviews proposals related to the employee savings plan, including plans for a share capital increase reserved for Natixis employees, and, where applicable, plans for a stock option subscription

or purchase, or for an allocation of free shares to be submitted to the Board of Directors or the General Shareholders' Meeting for approval.

The Compensation Committee met four times during the 2018 financial year. The rate of attendance of its members was 95% over the year (vs. 96% in the 2017 financial year).

3. Compensation of employees whose professional activities have a material impact on Natixis' risk profile in accordance with the CRD IV regulation ("regulated" categories of staff)

The remuneration policy applicable to Natixis' regulated employees comes within the scope of the general compensation principles adopted by Natixis and those set forth by Directive 2013/36/EU (CRD IV), transposed into French law in the French Monetary and Financial Code

by the Order of February 20, 2014 and the decree and order of November 3, 2014. The scope of employees concerned is defined in accordance with Delegated Regulation 604/2014 of March 4, 2014.

3.1. 2018 CRD IV scope of regulated categories of staff

Regulated categories of staff are identified either by applying qualitative criteria based on the employee's position, level of responsibility and authority to make material binding commitments on behalf of Natixis in terms of credit or market risk or based on the employee's total level of compensation for the previous fiscal year.

The employees in question are notified of their status.

The regulated population at Natixis during the 2018 fiscal year came to a **total of 332** employees, **including**:

261 employees identified through qualitative criteria:

- the directors, i.e. **15** individuals;
- the members of Natixis' General Management Committee, i.e. **14** individuals;
- the key managers of the control functions (Internal Audit, Risk, Compliance) and of the other support functions who are not members of the above bodies, i.e. **48** individuals;

- the key managers of the business lines and major geographical locations (excluding Asset Management and Insurance) and who are not already identified by the above criteria, i.e. **15** individuals;
- the individuals with credit authorizations and responsibility for market risks reaching the thresholds defined by the regulations and who are not already identified by the above criteria, i.e. **169** individuals.

71 employees identified based on quantitative criteria:

Employees whose total gross compensation allocated during the previous fiscal year exceeded €500,000 or placed them among the 0.3% of the highest earning employees, and who have not already been identified using qualitative criteria.

The positions in question include senior bankers, employees involved in structured finance activities and, in market activities, structured product engineers and sales managers.

3.2. Remuneration policy applied to CRD IV "regulated" categories of staff

Natixis applies regulatory provisions governing compensation, such as those set forth by European CRD IV Directive of June 26, 2013, its transposition into the French Monetary and Financial Code by the Ordinance of February 20, 2014 and the decree and order of November 3, 2014.

The compensation granted to members of the Board of Directors consists exclusively of directors' fees, the amount of which is predetermined. They do not receive variable compensation in respect of their corporate office.

The compensation granted to managing corporate officers is compliant with the CRD IV and its transposition into French law and is also within the scope of the recommendations of the AFEP-MEDEF Corporate Governance Code.

The compensation of the members of the Board of Directors and the CEO are detailed in Section 2 of the Natixis Registration Document.

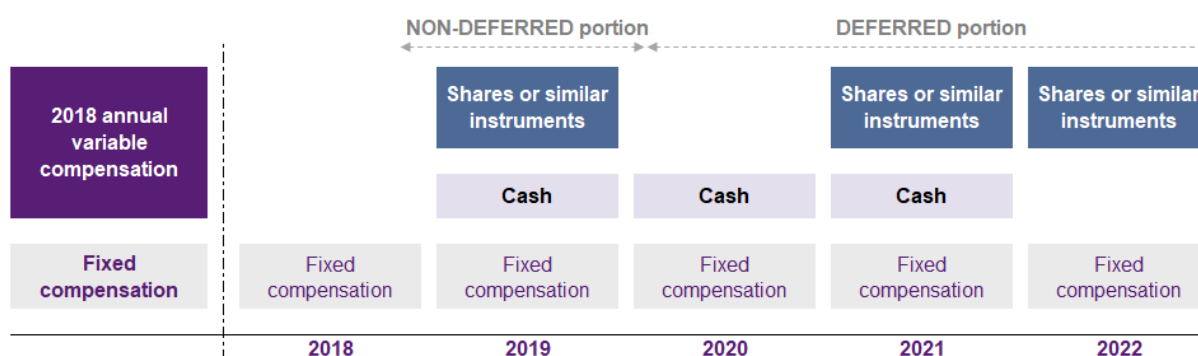
The remuneration policy for regulated employees under the CRD IV forms part of the

general principles applicable to all Natixis employees, and also responds to the rules of governance and specific compensation structures.

Thus, above a certain amount (€100,000 for the euro zone), payment of a fraction of variable compensation is subject to conditions and deferred over time. This payment is divided evenly over at least the three fiscal years following the year in which the variable compensation is awarded.

The deferred portion of the variable compensation awarded represents at least 40% of the variable compensation granted and 70% for those receiving the highest amounts of variable compensation. Variable compensation awarded in the form of shares or similar instruments represents 50% of variable compensation awarded to employees who are members of regulated categories of staff. This rule applies to both the deferred and conditional component of variable compensation awarded and the non-deferred portion of the variable compensation. The vesting period for this component of deferred variable compensation is supplemented by an additional holding period of six months.

2018 Compensation structure for regulated categories of staff – Payment years



The members of the Natixis General Management Committee are also eligible for performance share awards under long-term plans, the four-year vesting period of which is contingent on the relative performance of the Natixis share.

The vesting of deferred components of variable compensation is contingent on satisfying performance requirements linked to the results

of the company, and/or the business line, and/or the product line, and on Natixis' compliance with regulations on equity capital requirements. These conditions are clearly indicated when this compensation is awarded.

The components of deferred variable compensation may be reduced or eliminated during the vesting period, in the event of behavior liable to expose Natixis to an unusual

and material risk.

In addition, regulated employees, and also front-office employees working in market activities, are specifically subject on an annual basis to the achievement of predetermined targets in terms of risks and compliance: conduct in terms of adhering to the risk and compliance rules is systematically taken into account when awarding annual variable compensation.

Guaranteed variable compensation is not authorized, except when hiring outside Groupe BPCE. In such cases, the guarantee is strictly limited to one year. Guarantees of payment in the event of early termination of an employment contract (outside the conditions provided for by law and in collective agreements) are prohibited (ban on "golden parachutes").

All beneficiaries of deferred variable compensation are prohibited from using individual hedging or insurance strategies during both the vesting period and lock-up period.

Finally, the variable compensation components granted to all regulated categories of staff comply with the rules governing caps on

variable compensation relative to fixed compensation, as defined by regulations.

As a reminder, Directive 2013/36/EU ("CRD IV") caps the variable component at 100% of the fixed component of total compensation for regulated categories of staff, unless the General Shareholders' Meeting approves a higher percentage, which in any case may not exceed 200%. On May 19, 2015, Natixis' General Shareholders' Meeting capped the variable component at 200% of the fixed component of total compensation for regulated categories of staff.

In 2018, 37% of "regulated" employees received variable compensation ranging from 100% to 200% of their fixed compensation.

Finally, Natixis applies variable compensation governance mechanisms to the front office employees devoted to market activities, similar to those applied to regulated categories of staff (i.e., variable compensation partially deferred over three years and partial payment in shares or equivalent instruments), with the exception of the performance condition applicable to the deferred portion of compensation and the capping of variable compensation in relation to fixed compensation.

4. Quantitative information on the components of compensation awarded for 2018 financial year to the CRD IV-regulated categories of staff

(Amounts in millions of euros and excluding employer contributions and collective profit-sharing plans).

Quantitative information on awarded compensation, broken down by area of activity (excluding employer contributions)

Awarded compensation Financial year 2018	Senior Management Committee	Board of Directors	Corporate & Investment Banking	Retail banking	Asset management	Support functions	Control functions	Other	Total
Number of employees	14	15	216	-	-	-	51	36	332
Fixed compensation	6,2	0,6	67,0	-	-	-	10,0	7,1	90,9
Variable compensation	8,2	-	59,7	-	-	-	4,7	6,9	79,5
Total compensation	14,4	0,6	126,7	-	-	-	14,7	14,0	170,4

Quantitative information on awarded compensation (excluding employer contributions)

	Directors & Senior Management Committee	Other	Total
Number of employees	29	303	332
Total compensation	15,0	155,4	170,4
- incl. fixed compensation	6,8	84,1	90,9
- incl. variable compensation	8,2	71,3	79,5
- incl. non deferred	3,1	39,6	42,7
- incl. cash	1,4	22,1	23,5
- incl. shares or equivalent instruments	1,7	17,5	19,2
- incl. other instruments	-	-	-
- incl. deferred	5,1	31,7	36,8
- incl. cash	2,3	15,9	18,2
- incl. shares or equivalent instruments	2,8	15,8	18,6
- incl. other instruments	-	-	-

In the 2018 financial year, 26 “regulated” employees, of whom 50% were located outside France, benefited from a total compensation exceeding 1 million euros.

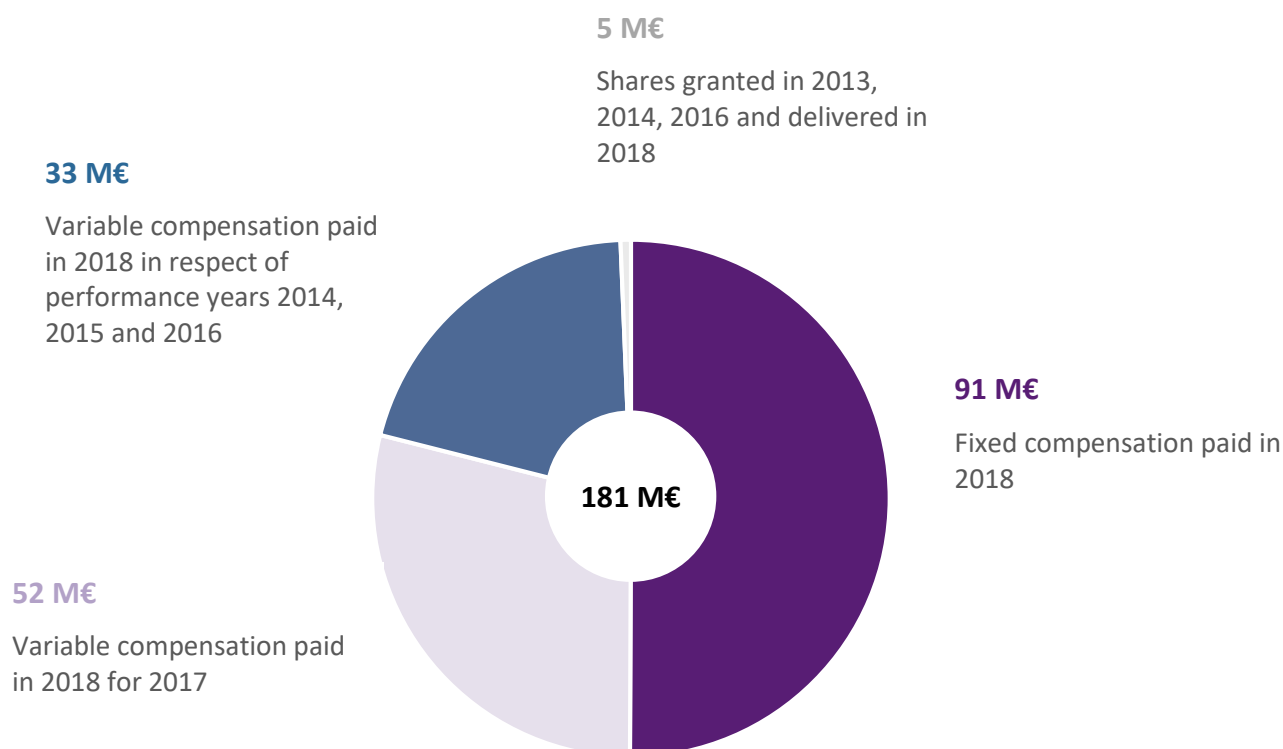
Quantitative information on awarded compensation between €1 million and €5 million

Total compensation (in euros)	Number of employees
From 1 to 1,5 million	16
From 1,5 to 2 million	6
From 2 to 2,5 million	2
From 2,5 to 3 million	1
From 3 to 3,5 million	1
From 3,5 to 4 million	-
From 4 to 4,5 million	-
From 4,5 to 5 million	-

Other information regarding Material Risk Takers compensation

Amount of unvested deferred variable compensation for previous years and not granted yet	12,0	64,6	76,6
Amount of unvested deferred variable compensation for previous years and granted	-	-	-
Severance payments paid			8,1
<i>Number of beneficiaries</i>			15
Amounts paid to new hires			1,1
<i>Number of beneficiaries</i>			5

5. Quantitative information on compensation paid in the 2018 financial year to the CRD IV-regulated categories of staff



The amounts paid in the 2018 financial year representing deferred amounts from previous financial years' variable compensation plan are different from awarded amounts of variable compensation due to the change in Natixis' share price.

Amounts in millions of euros, excluding employer's contribution	Award value	Payment value*	Amount of reductions in 2018**
Amount paid in 2018 for the 2017 variable compensation	54	52	0
Amount paid in 2018 for the deferred variable compensation of 2014, 2015 and 2016	31	33	0
Value of free shares delivered in 2018 at the vesting date	3	5	0
Total	88	90	0

* Including buyout.

** Resulting from performance conditions.



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